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ABSTRACT

Data appear to show that older Americans change their living arrangements only when their needs change and that, as long as they are able, older people prefer to make adjustments within the home they already occupy rather than move. This book was written for older adults who either want to stay in their current home or who are considering a move. It explains some of the housing and living arrangements available to older adults. Separate chapters are devoted to the issues of: (1) "Homes and Apartments" (Leo E. Baldwin); (2) "Mobile Manufactured Homes" (Katrinka Smith Sloan); (3) "Condominiums" (Leo E. Baldwin); (4) "Cooperatives" (Katrinka Smith Sloan); (5) "Retirement Communities" (Leo E. Baldwin); (6) "Home Equity Conversion" (Ken Scholen); (7) "Accessory Apartments" (Patrick H. Hare); (8) "ECHO (Elder Cottage Housing Opportunity) Housing" (Patrick H. Hare); (9) "Home Matching Programs" (Leah Dobkin); (10) "Shared Housing" (Dennis Day-Lower, Drayton Bryant, and Joan Ward Mullaney); and (11) "Federal Programs and Senior Housing" (Tom Beall and Marie McGuire Thompson). Also included are a glossary of housing options for older people and a list of resources for each type of housing discussed in the report. (NB)

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Housing Options for Older Americans

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American Association of Retired Persons

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This is an educational booklet of the American Association of Retired Persons which, with a membership of more than 20 million, is the nation's largest and oldest organization of Americans age 50 and older, retired or employed. Founded in 1958, AARP provides older Americans with a wide range of membership programs and services, including legislative representation at both federal and state levels. For further information about membership and additional association activities, write to AARP, 1909 K Street, N.W., Washington, DC 20049.

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introduction

You retire, then you move. At least that's what a lot of people think happens—or should happen. But they're not entirely correct.

Studies and census data refute the notion that America's older population is highly mobile. A more accurate picture is that:

- Older people change their living arrangement only when their needs change.
- As long as they're able, older people prefer to make adjustments within the home they already occupy.

Put simply, most older people want to stay put. They tell us they're reluctant to give up their homes of many years because they're comfortable in the neighborhood, secure in the knowledge that they're near familiar stores and close friends.

However, 30 percent of older persons do move sometime after they reach their 65th birthday. Yet only three percent buy or rent *new* homes, and only about four percent move out of the state in which they lived the day they reached 65.

This book is for those of you who want to stay put and for those of you who are thinking about moving. It explains some of the housing and living arrangements that you may want to consider. Many of the ideas and alternatives are new, some are still in the development phase.

For many years, the American Association of Retired Persons has studied the housing needs of older Americans and monitored developments in housing practices and policies. We are pleased to share this information with our members and grateful to the authors of the following chapters for their cooperation in putting this book together.

Leo E. Baldwin
American Association of Retired Persons

homes and apartments 1

Housing is not just the roof over your head. It is a life style—your life style. So take a good look at yourself first; it will then be easier to make decisions about the kind of living arrangements best for you. The time to give careful thought to the growing number of housing choices is *before* an emergency or crisis forces you into a decision.

Decision: Stay or Move

People tend to get attached to the place where they have been living for a long time. But is your present home suited to the kind of life you would like to lead? Is it the best type of housing considering your financial circumstances? In addition, there are health, social, and other factors to be considered.

Make a list of all the reasons for staying. Then make a second list of the reasons for moving and compare. Use the two checklists below as examples of what your own lists might include.

Some Reasons For Staying:

- Expenses of my present home are not a strain on my budget now, and I can meet them in the future. I don't expect property taxes to increase drastically in my neighborhood. The house does not require expensive maintenance work. Utility bills are reasonable.
- Or if you rent: I don't expect the rent I am paying for my present apartment to increase very much.
- The climate in my present location is good or at least not intolerable.
- The neighborhood provides social and cultural activities in which I am interested.
- I am near shopping centers, my place of worship, recreational activities in which I am interested.
- I am near my doctor and medical facilities, as well as other professional services I use or may need.
- The neighborhood is well maintained and not likely to deteriorate.
- I have friends nearby and the neighborhood is quiet, pleasant, and friendly.

2 Some Reasons For Moving

- My present housing expenses are excessive and will further increase.
- The house is difficult and expensive to maintain. The house is too large and takes too much work to keep clean. It costs too much to heat or cool. The yard requires too much upkeep.
- The house is inconvenient. There are too many stairs to climb. The bathroom, laundry or storage areas are poorly located.
- The weather is too severe and keeps me indoors too often.
- The neighborhood is deteriorating.
- There is too much noise.
- I live too far away from shopping centers, my place of worship, recreational facilities.
- I live too far away from my doctor or medical facilities. Emergency help is not readily available.
- The neighborhood does not provide opportunities for the activities I want to engage in.
- My children and friends have moved away; I want to be closer to companionship.

If your pro and con comparison comes out close, think well before you decide to move. If the mortgage on your house is paid off, your housing expenses are probably lower than any comparable living arrangement you can find, particularly if you live in one of the states that provides a reduction in property taxes for homeowners over the age of 65. To be able to have a relatively large proportion of your monthly income left for non-housing needs is an enviable situation indeed.

You may, on the other hand, have compelling reasons to move. Moving need not involve settling in another state. It may simply mean moving within the same area into the suburbs, for instance—or closer to town.

If you decide to settle in another state, though, the change is bound to be much greater. Be sure to do a lot of looking around first. Here are a few suggestions:

- Travel with your eyes open for a place to live that appeals to you. Talking with friends who have lived in other states is helpful, but there is no substitute for seeing a locale for yourself.
- Check the local newspaper of a community you like. A subscription may be valuable; you can learn a lot this way about the local social and recreational activities and the response of the community to the needs of the senior population. Learn about the weather, the economy of the area and so forth. Study advertisements to see how prices compare with those in your present area.
- Talk to the residents of the community about how they like living there. Ask all the questions you can think of.
- Consider renting at first. If you are still undecided whether or not to take the major step of investing your money in property in another state, why not rent there first for a while? You will get to know the community and will have more confidence in your final choice.

You will not only need to choose the right location for your new home, but you will need to decide what type of housing is best suited to your needs. For many older persons, home ownership is an aspiration that has been pursued and accomplished. Ownership provides a sense of satisfaction and permanence that some find lacking in rental arrangements. Moreover, the rising market value of residential property has made home ownership a good investment. Statistics indicate that more than 70 percent of heads of households 65 and over occupy homes which they own. About 86 percent of these homes are mortgage free. Although a mortgage-free single family home has generally proved to be the least expensive form of housing, some older persons have transferred their ownership to a condominium or a cooperative. There, they are relieved of some of the burden of maintenance, but are still able to retain their equity and tax benefits.

Owning A House

Owning a house means freedom and independence. It usually means having space for indoor and outdoor entertainment, and often the luxury of an extra room to serve as a quiet guest bedroom or a workshop. But owning a house also means maintenance chores and expenses—a lot of expenses.

If you are considering buying a house, you may want to review the expenses involved:

- the down payment
- the closing costs
- the monthly mortgage
- the real estate taxes
- occasional special assessments levied by the city or county for improvements such as paving roads or installing more lights
- the cost of maintenance and repairs
- insurance payments
- the cost of utilities and trash collection

In view of all those expenses, can you afford to buy a house? Even if you can make a substantial down payment, you still have to review your finances very carefully to make sure you can meet the rising cost of owning a house today. Remember, if you buy a brand-new home, the cost of putting drapes on the windows and grass in the front and back yards can add thousands of dollars to the initial cost of the house.

Some experts recommend that your total housing expenses be no more than one-fourth of your net income. But a more sensible way to arrive at the right figure is to sum up the cost of all the other necessities: food, clothing, recreation, medical care, and so forth—and then subtract that sum from your net income to arrive at the amount you can comfortably afford to pay for housing.

If you are considering moving to another state and buying a house comparable to the one you now own, you should be aware that houses are vastly more expensive on both the East and West coasts than elsewhere in the country. If you would like to move from a Midwestern city to, say, Southern California, you might be shocked to discover that your new house would cost twice or three times as much as what you would pay for it in your own state.

Housing Developments

Another solution is to buy a house farther away from the city, maybe 50 or 60 miles out. If you no longer need to live near a place of employment, you may want to inquire about the new real estate developments out in the countryside. You may be able to buy an attractive modern

house for less, in a community that provides recreational facilities as part of the overall "planned development."

Even if no recreational facilities are provided, there are other features that characterize a "development" as contrasted with traditional residential sections of cities and suburbs. Since the houses in a development are built by a single company, they tend to look similar, which gives a unified esthetic character to the community. The buildings are usually clustered close together to conserve space, and they may even be only semi-detached (have at least one common wall with another building), rather than completely detached.

The backyards may be small or nonexistent. On the other hand, the developer provides the lawns and landscaping around the houses, so that you may still have plenty of green space to stroll through. The developer also provides the streets, street lights, sewers, and so forth.

If you would rather live in the country, then, and are not afraid of feeling isolated "out there," by all means check the real estate section of the local paper to find out about small-home developments—and start making trips to see them for yourself. Don't count on being "out in the country" forever. Stores, restaurants, and service and recreational establishments usually follow such successful developments.

Owning a Duplex

Still another option is to own a duplex, or two-family dwelling, rather than a single-family dwelling. You probably will not really make money this way, but the rent paid by your tenant ought to cover at least part of the interest and tax costs of the building, in addition to covering all the expenses connected with the rental unit. You will be able to deduct from your income tax the costs of maintenance and repairs related to the rental unit.

But remember, being a landlord brings with it a certain burden of responsibility. You will be responsible for the upkeep of the rental unit, and you may have to provide a stove and refrigerator for your tenant.

If you have never owned a duplex before, try to find someone who has, and get all the advice you can. Do not neglect to ask about that person's experience with tenants: What kind of people make good, stable tenants? Are there likely to be any special problems if you rent to students, young couples, retired people? What are the laws—and local customs—regarding choosing tenants, offering leases and rental agreements, rent control, "giving notice," settlement of tenant-landlord disputes, etc.?

Renting An Apartment

You may not be interested in building up equity, and you may not insist on a lot of space and a garden. Renting an apartment may be the ideal choice for you. An estimated 25 percent of older persons live in rental housing units. People who have been renters in earlier years tend to continue to rent, just as homeowners continue to prefer home ownership. However, especially after age 70, an increasing proportion of the elderly population finds that renting suits their needs.

Rentals are available for almost all types of housing units—free standing houses, single rooms in houses or hotels, apartments, retirement villages, or apartments in housing designed specifically for older persons. Rental accommodations, particularly those built for occupancy during retirement, can provide many additional services that, for many people are as important to their well-being as the shelter itself.

There is certainly less worry and responsibility when you rent rather than own. Generally, all you need to do is pay your rent once a month; your landlord takes care of the rest. If the roof leaks, or the plumbing needs repair, it is the landlord's responsibility, not yours.

You are not only free from maintenance chores and expenses, but you have less housekeeping to do when you rent an apartment. Smaller living space means less vacuuming, less cleaning, and fewer pieces of furniture to take care of.

Renting frees you from a lot of responsibilities, but it can have its problems, too. Most landlords do not allow pets. They also require you to ask permission before you go ahead and install an air conditioner, for instance, or blinds on the windows or balcony. Some will not allow you to invite anyone to come and live with you for a while. Others may object to your grandchildren visiting. These restrictions may sound unreasonable to you (and some of them may be) but, since the apartment is the landlord's property and not yours, you are to some degree responsible to him or her.

It is, therefore, important to pick a landlord just as carefully as you pick the apartment itself. He or she should be a friendly person you feel you can get along with. But, no matter how friendly the landlord seems, be sure to read the lease very carefully, and insist that he explain to you any point you do not fully understand about your rights and obligations as a tenant.

In spite of all these precautions, trouble may still develop. You may feel that the landlord is not maintaining the building as he or she should, or not delivering all the services to which you are entitled. Fortunately, you can do something about your problem. If complaining to the landlord in person does not help, you may complain to the housing authorities of your municipality. (It helps if other tenants sign the complaint, too.) Each city has its housing code; if your landlord has violated any rules, action may be brought against him. The city government is in principle at least, your ally. Finally, some tenants resort to putting their rent payment in escrow until the landlord takes care of the grievance. Before taking this step, though, seek legal advice.

Not all of the possible problems arise because of the landlord's violations of the housing code. Some can be avoided given enough forethought in choosing the apartment. Before you decide to rent, visit the building several times at different times of the day. Does it get too crowded and noisy during rush hours? Are the entrances and walkways well lighted at night? Are your prospective neighbors in the habit of giving rowdy parties? Do you like the appearance of the building from the outside, stairways, and common halls? Does it look as though the owners and present tenants care for their property and the environment in which they live?

The floor that the apartment is on is of special importance. Unless there is no elevator and you have trouble climbing the stairs, avoid first-floor apartments. For one thing, first-floor apartments are more vulnerable to vandalism and robbery. They are also the noisiest.

If the building has an elevator, you may want to listen to it operate before you decide to rent an apartment close to it. The sound of the elevator door opening and closing may prove to be irritating, so it is best to be aware of this potential problem beforehand. And don't forget to listen for other mechanical noises that come from heating and cooling systems, water pumps and compressors.

In spite of all these potential problems, a rental arrangement may be very satisfactory, providing that you choose with care. Do not rent on impulse—many leases compel you to live in a particular apartment for at least a year before you may move.

Health care is important to all of us, regardless of our age or where we live. Thus, the opportunity for good personal hygiene, sanitary accommodations for food preparation and storage, precautions against accidents or fire, and access to help when emergencies arise are factors that should be considered in evaluating living arrangements.

The degree of care any of us needs depends upon such factors as our frailty, disability, economic resources, family or personal relationships, and the extent of our isolation. The possibility that you will need more care in the future makes it important that you plan your living arrangements to insure that you can receive the services you need through personal or community resources.

Although most people ultimately die in hospitals or nursing homes, more than 90 percent maintain their legal residence in private homes right up to the day they die. Our intent is to provide elderly persons and their families with information on a variety of options for maintaining independence or semi-independence in day-to-day living in one's own home.

We will not address, therefore, the issue of residence in health care facilities, as this implies the necessity of not only giving up certain day-to-day responsibilities, but of having one's needs provided for under medical supervision. There is no question that there are important decisions to make in choosing the appropriate nursing home or health care facility, but they are different from the issues that must be resolved in selecting a housing arrangement. (Publications that may help in making decisions related to health care facilities are provided in the resource list at the end of this book).

It is our premise that you, as an individual, can anticipate better than anyone else the kind of living arrangements that will serve you best, whether it be owning a traditional home, renting a traditional apartment or pursuing one of the other options described in the following pages.

Leo E. Baldwin
American Association of Retired Persons

mobile manufactured homes 2

Mobile manufactured homes now account for one out of every three homes sold in the United States, a not altogether surprising development given the affordability, energy efficiency, and construction standards of today's manufactured home.

When you buy a manufactured home, you are purchasing a complete "housing package" that generally includes furniture. If you buy the lot as well, your total purchase will still amount to less than a comparable site-built home, due to the fact that manufactured homes are produced in factories with efficient production techniques. They're built year-round and subject to quality controls.

Design

Today's manufactured homes are only distant cousins of the cramped trailer coaches of the late thirties and early forties. The models of the 1980s are spacious—and have up to three bedrooms and two baths.

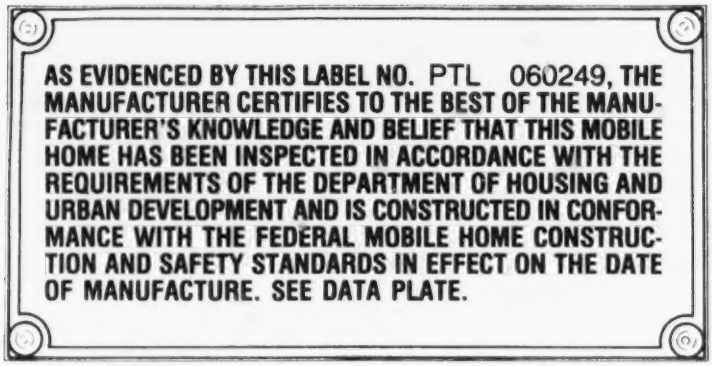
The 180 manufacturers producing homes in the United States ensure choice of design, floor plan, interior decor, and exterior finish. Some are constructed with porches, enclosed patios, natural wood siding, carports, and greenhouse windows. Roofs may be peaked and covered with shingles, shakes or composition roofing. Inside, you will find modern appliances, built-in furniture, custom-built cabinets and shelves and even sunken bathtubs.

Standards

Since June 1976, all manufactured homes produced for sale in the United States have been subject to construction, durability, and safety requirements of the Department of Housing and Urban Development. These standards regulate the design and construction techniques of the home, the frame and body structural provisions, and the installation and performance of heating, plumbing, air-conditioning, thermal and electrical systems.

Look for the red and silver metal plate, placed on the outside of every home, which will certify that the home was built in compliance with HUD standards. Energy efficiency is achieved because homes are designed to use space effectively and to provide appropriate insulation.

In addition to the seal, the manufacturer is required to provide the buyer with a consumer


AS EVIDENCED BY THIS LABEL NO. PTL 060249, THE MANUFACTURER CERTIFIES TO THE BEST OF THE MANUFACTURER'S KNOWLEDGE AND BELIEF THAT THIS MOBILE HOME HAS BEEN INSPECTED IN ACCORDANCE WITH THE REQUIREMENTS OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT AND IS CONSTRUCTED IN CONFORMANCE WITH THE FEDERAL MOBILE HOME CONSTRUCTION AND SAFETY STANDARDS IN EFFECT ON THE DATE OF MANUFACTURE. SEE DATA PLATE.

Courtesy Manufactured Housing Institute

maintenance manual that includes safety features and defect remedies available through HUD. Warranties (be sure you understand the difference between "full", "limited", and "implied") are usually provided by the manufacturer or the seller and may be enforceable under the Federal warranty law and some state laws.

Financing

Financing a manufactured home is still somewhat more difficult than financing other kinds of housing, but the situation is improving. Traditionally, manufactured homes have been financed on a retail installment contract arranged through the manufactured home retailer. Everything has been included in the purchase price—the home, its furnishings, delivery and siting, with land costs extra. The down payment is generally 15-20 percent of the purchase price.

Today, you can obtain both VA and FHA loans, with loan limits of up to $47,000 and terms of as long as 25 years. If you purchase the land and the home together, you may be eligible for an FHA 30-year mortgage loan on your new manufactured home. However, the cost of furniture has to be deleted from this contract. Insurance is also required by lending institutions on the home itself and is often included in the financing package.

With the HUD standards of 1976, buying an older manufactured home may appear to be a bargain. However, be aware of the problems that may accompany the purchase of a used unit. If the home is located where you would like to live and has been well maintained, it may provide suitable and affordable housing. If, however, you purchase a home that is to be moved and installed at another site, be aware that some communities—even mobile home parks—may not admit older homes.

Siting

Although manufactured homes may be sited on single rental or owned lots, subdivisions, cooperatives and condominium developments of manufactured homes are increasingly popular. These kinds of communities often cater to a specific kind of homeowner, such as older adults. Mobile home communities are appealing because of the social and recreational facilities they may offer. A community is likely to provide a swimming pool, walking and cycling paths, shuffleboard courts and a clubhouse. Some may even have their own golf course.

Recreation is not the only advantage of a good adult mobile manufactured home community. A quality community may also be a quiet, peaceful and secure place to live. The amount of privacy you have will depend on the particular community. Some communities do not allow more than four units per acre, while moderately priced parks allow up to twelve. If your site is large enough, you may want to consider arranging your home, deck, carport and/or patio in a "U" or an "L" shape for maximum privacy.

As a rule, planned communities with rental sites range in size from as few as 15 sites to 1,000 or more. The monthly rental may run from $100 a month for a very modest development, to over $500 a month for a luxurious community with many amenities. Be sure you know whether the rent includes garbage removal, maintenance of common areas, lawn care and other services.

8 Choosing a Community

Select your manufactured home location or a community with as much care as you would choose a site for any home. You will want to be satisfied with the sidewalks, streets, landscaping, lighting, utilities, and public facilities.

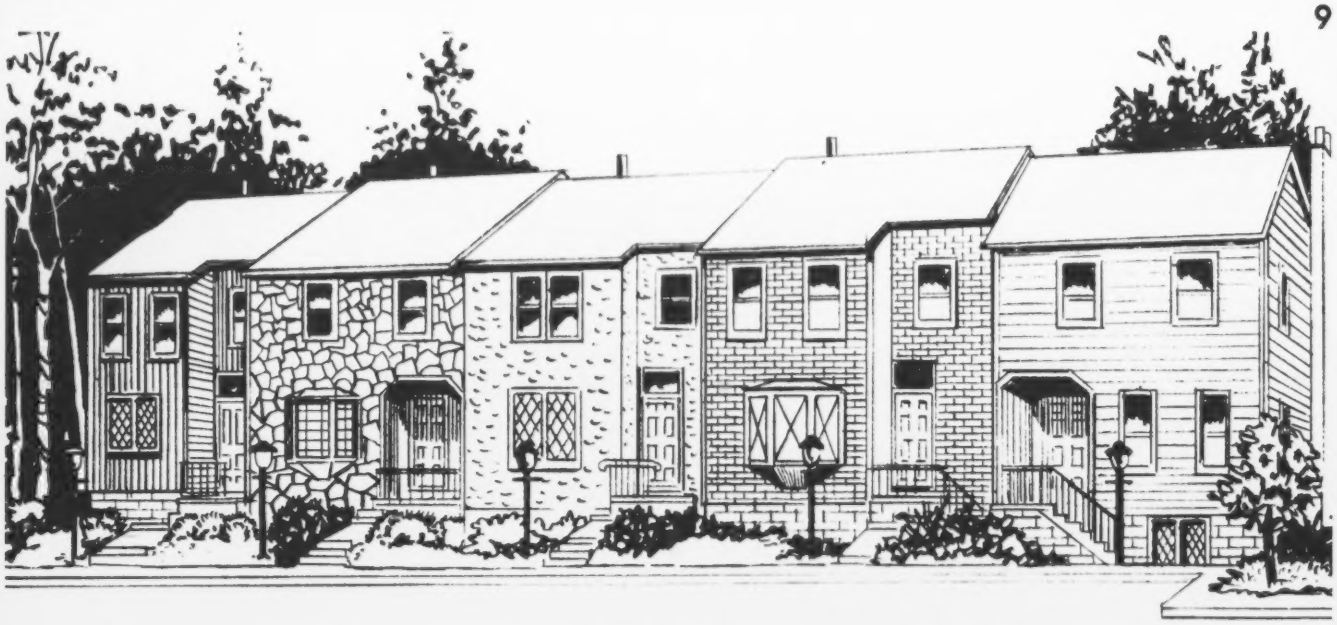
If you intend to rent land, be sure you know the terms of the lease in addition to rules and regulations that are specific to that community. Are pets allowed? Is there an entrance fee? Are there any restrictions on your freedom to sell or remove your unit? How are you protected from excessive rent increases?

All of these matters are equally important if you purchase a site in a mobile home community. If you plan to site your new manufactured home on your own land, be sure to check zoning ordinances that are applicable to your site before committing yourself to the purchase of a home.

Conclusion

Manufactured homes are increasingly attractive as a housing option for older persons. Not only are older persons attracted to mobile home communities designed specifically for a senior population, but the affordability, space, energy efficiency and construction controls of mobile manufactured homes have made them a desirable living arrangement. Federal and state laws offer consumer protection unknown a decade ago.

Katrinka Smith Sloan
American Association of Retired Persons



condominiums 3

Condominium living has become increasingly widespread in recent years, and most housing experts expect this trend to continue for the balance of the century.

"Condominium" refers to housing in an apartment building or detached or semi-detached townhouses in which individuals hold title to their living unit but share ownership of the "common elements" with all other owners in the development. These common elements generally include exterior walls, grounds, parking areas, utility buildings, walkways and, in many complexes, swimming pools, tennis courts and other recreational areas.

Life Style Changes

While condominium ownership can offer real advantages to older people, the style of life differs sharply from life in conventionally-owned single-family homes or rental apartments. For example, most homeowners are accustomed to deciding for themselves when to paint the exterior of their homes, repair rain gutters, and mow the lawn. They make their own decisions about keeping pets or inviting houseguests for a lengthy stay.

But in a condominium community, an elected board of directors decides many of these kinds of things. It is important to consider whether you are willing to accept somewhat restrictive rules before purchasing a condominium.

Financial Obligations

Condominium owners are responsible for both the mortgage payments on their living units and taxes on the property. In addition, monthly condominium fees are collected to maintain the common property. The size of this fee is proportionate to the size of the unit owned; owners of the smallest units pay the lowest fees. This fee covers staff wages, trash collection, gardening, snow removal, building repairs, and utilities that are not individually metered. The managing board may also make special assessments to acquire reserve funds for major expenses that will occur during the life of the development.

10 Management

The owners elect a board of directors—who usually serve staggered three to six year terms—to manage the condominium development. One of the board's primary responsibilities is to develop a budget prior to the start of each fiscal year, projecting the costs of maintenance and operation for the next 12 months. The size of the budget determines the amount of the "condo" fee each owner must pay during the coming year.

The board also arranges for legal, insurance, accounting, engineering and other professional services and hires the staff of the complex itself.

Some condominium developments are managed entirely by the elected board of directors and the staff that the board employs. However, sometimes professional firms that specialize in managing condo developments are retained. In this case, the management firm operates under the direct authority of the board. Small developments generally do not find it economical to hire professional managers and rely upon the talent and energy of the owners themselves.

Condominium boards generally meet on a regular basis. These meetings are open to all owners. In larger developments, board members often appoint other owners to serve on committees assigned to carry out specific tasks.

The budget committee, for example, studies income and expenditures and recommends a budget. A building and grounds committee inspects general conditions of the development, investigates complaints from residents and makes proposals to remedy any problems.

Remember: Your interest and involvement in the management of the complex often has a great deal to do with the satisfaction you feel as an owner and resident.

Considering Condominiums

You may be considering condominium living for several reasons. Maybe you're a renter in an apartment building or townhouse development that the owner has decided to convert into a condominium. Conversions have become increasingly attractive to landlords in recent years because they're often profitable.

Or maybe you've spotted a brand new condominium development or one just now under construction. In the housing slump of the early 1980s, this kind of development attracted both investors and buyers because condo units often go on the market at lower costs than conventional single-family dwellings due to the density of the units.

Conversions

For long-time renters, condominium conversions can be very disruptive and cause much anxiety. If you live in rental housing that the landlord proposes to convert to condominium ownership, get all the information about the terms of the conversion. Residents are frequently offered substantial discounts or reduced down payments if they agree to buy the units they've been renting.

To insure that they are fairly treated, renters often organize tenant associations. They're then better able to share information about the conversion and discuss the critical needs of the residents. An association also provides residents with more leverage in negotiating with developers.

Experience shows that these organized groups have persuaded developers to offer better discounts to older residents. They've also convinced developers to offer long-term rental leases at reasonable rents to tenants who do not want or are unable to buy, but wish to remain in their apartments after the conversion.

Important: Some cities have passed ordinances that require conversion landlords to continue renting to their older tenants.

Pitfalls Of Conversion

Study carefully any promises made by the conversion sales personnel. Some promise advantages that don't exist or entice buyers by not disclosing facts about the property. Every prospective buyer should have access to engineering reports and legal documents before signing a contract.

Some developers who are trying to convert property into high-priced condominium developments may exert subtle forms of pressure on older residents with low or moderate incomes, encouraging them to move so that the developer can sell the units to more affluent buyers. Or developers may set monthly condo fees at artificially low rates to encourage sales, knowing that the fees will be increased in the future.

Some of the questions that you as a prospective buyer of a unit in a converted building may want to answer include:

- Will the price of the unit and the down payment be reasonable?
- Is the basic structure of the building sound?
- Does the developer plan to upgrade basic plumbing, wiring, heating and air conditioning equipment if necessary?
- Will the developer permit owners to offer their units for rent after purchase?
- Will the condo fees for the first year of operation be sufficient to pay costs?

New Developments

If you are thinking of buying a unit in a new condominium development, proceed slowly. The first step is to read thoroughly the "condominium declaration" and the "condominium bylaws." These documents will specify in detail both the terms of the sale and the rules to which residents must adhere.

Find out the ratio of owners to renters living in the complex. Many investors buy condo units for rental income and property appreciation. A community with a disproportionately large number of absentee owners may find that these owners and their renters do not take enough interest in the long range maintenance of the buildings and grounds. A large number of renters will also mean fewer people willing to participate in the community's self-management.

If you decide to live in a condominium complex, it is to your advantage to attend the meetings of the board of directors and to take an active interest in the government of the community. If you do, you will find that you have a chance to voice your opinions on decisions that affect you before they are made final.

Advantages

Condominium ownership provides many of the advantages of owning your own home. You get the same tax benefits but are freed from many of the burdens of maintenance. Of course, if you are in a low or moderate tax bracket, you will not benefit as much from the deductions.

The Federal Housing Administration and Veterans Administration offers insurance and loans to qualified buyers. Your age is not a qualifying factor.

A well-organized and well-managed condominium development is a secure and comfortable housing option.

Cautions

Condominiums operate under state laws. Because there is no uniform statute, state provisions vary greatly, particularly with regard to the protection of older renters in conversion projects.

In addition, the documents used by condominium developers, converters and owners are complex and often difficult to understand. Prospective buyers may wish to consider seeking legal and financial counsel.

Leo E. Baldwin
American Association of Retired Persons

cooperatives 4

Cooperative housing combines most benefits of home ownership with the convenience and efficiency of multi-family housing. It's an option for older people who are willing to work cooperatively with other owners and who want to build up equity in their living accommodations but prefer to avoid the responsibility or isolation of a large home.

Housing cooperatives are non-profit corporations that own and operate living facilities for the benefit of the occupants. Co-op membership is composed of people who buy shares in the corporation in exchange for the right to occupy a specific living unit.

Co-op by-laws require members to "cooperate" in the ownership and management of the corporation. The members elect a board of directors to manage the property.

Cooperatives are controlled by state laws, which may differ among states. Therefore, if you're considering cooperative housing, you may want to seek the advice of an attorney.

Conversions

Conversion of existing rental property to condominiums has stimulated the development of cooperatives. The reason: some tenant organizations are convinced that cooperatives better protect the interests of tenants. However, the process of purchasing existing housing and converting it to a co-op arrangement can be long and complex. It is advisable to seek legal, financial and technical services at all steps along the way.

In every state, the laws governing cooperatives require that a corporation be established. The tenants must be incorporated as a cooperative with the legal capacity to own real estate before the purchase of the building can be arranged. In the process of incorporation, by-laws will be thrashed out that define objectives, create the board of directors, and establish the rights and responsibilities of members.

Unless there is unusual talent among the members, it is usually wise to have the tenants retain a "feasibility team" to explore financial, legal, and management issues as well as architectural and engineering concerns related to the conversion.

Once a building is ready for occupancy as a cooperative, the corporation will insure that members have the right to buy a share and have exclusive occupancy of a unit. As a rule, each member is entitled to one vote. While the decision-making is through the elected board of directors, regular reports keep members informed and actively involved in the co-op.

Members must sign an occupancy agreement in which they agree to pay both a one-time membership fee and to cover a proportionate share of mortgage and interest payments as well as operating costs. Monthly charges are determined by operating costs, so there is no *automatic* yearly increase. In addition, members agree to live by all the rules and regulations outlined in the by-laws of the cooperative.

Controls Of Equity

When first establishing a cooperative, prospective members must decide what kinds of controls they wish to place on the equity accrued during their residency. This decision is important because the value of the equity transfer (the dollar amount credited to a departing co-op member for his or her interest in the housing) is fundamental to the affordability of a cooperative living situation by incoming members.

In principle, whatever equity is taken out by one member must be replaced by an incoming member. Three types of equity transfer arrangements are most frequently incorporated into cooperative housing arrangements.

- *Market equity cooperatives* are the most common. In this arrangement members may sell their membership and equity share for whatever the market will bear. As property has appreciated in recent years, co-op owners who sold benefited about the same as other homeowners. People who look upon their home as an investment would normally choose a market equity cooperative.
- *Limited equity—or low-yield cooperatives,* however, are more appealing to the moderate income market because a limit is established. A departing member cannot sell his or her membership share in the cooperative for more than the price paid originally, plus a pre-determined amount representing property appreciation.

Limits commonly used are one or two percent per year of residency. For example, if the share in the cooperative had cost $40,000 and was sold five years later, the maximum sale price, at two percent appreciation a year, would be $44,000.

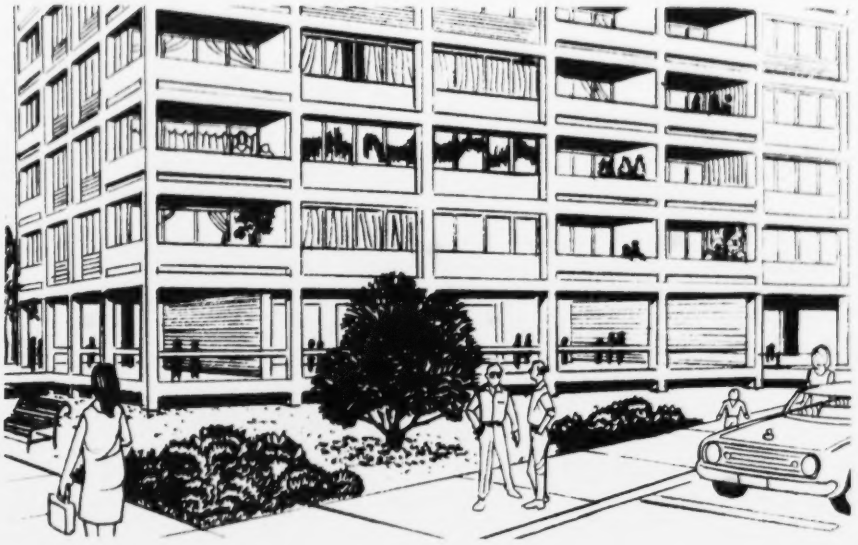
The purpose of equity limitation is to keep the cooperative within financial reach of people of modest income. Participation in the cooperative, therefore, is motivated by both the desire to have a place to live and to contribute to a socially acceptable goal, rather than speculative interest in the housing market. With a low-yield policy, it is not difficult to sell a share because people of limited income are able to take the place of the previous residents.

In recent years, as conversion of rental properties has accelerated, limited equity cooperatives have become more common. In addition, some non-profit housing corporations and local housing authorities have initiated limited equity cooperatives as a means of providing suitable housing for moderate income people. Such sponsorship, along with technical and managerial skills, is often a key to the success of the limited equity cooperative.

- *Fixed equity cooperatives* freeze the price of a membership at the level paid originally. In other words, owners may sell their share in the housing for no more than they originally paid for it. Cooperatives designed for low-income persons are often a fixed equity transfer arrangement.

No matter what the monetary transfer policy is, a cooperative's board of directors is generally involved when units change hands. Most co-op by-laws include a right of first option to the corporation to purchase the share or to disapprove the buyer. Further, because only an interest in the corporation is owned, not the dwelling unit, the corporation can terminate a membership for good cause.

A cooperative that wishes to limit the transfer value effectively, must place restrictions on the equity which the corporation as a whole may accumulate. Without such a restriction, members could dissolve the cooperative at any time and claim their accumulated equity. This phenomenon has been avoided by the conveyance of the property to a non-profit corporation or a public organization which in turn allows the property to be used by the cooperative.



Maintenance

Improvements that have increased the value of the property are generally reimbursable at the time the member leaves a cooperative. To qualify, the improvements must have been made with the board of directors' permission. Even in limited equity situations, this compensation may make it difficult for low-income persons to buy a share in the cooperative.

In some situations, this problem has been solved by using a general cooperative fund from which to make improvements or by strictly limiting the reimbursement privilege. The issue arises most frequently in rural area cooperatives where many members make substantial investments in fencing and landscaping. Because reimbursement policies vary, it is important to know what they are.

Another maintenance issue is unexpected repairs to the building itself. Generally, a replacement reserve collected from monthly occupancy charges meets these costs. However, if the reserve is too small or does not even exist, the cooperative may have to take out a loan and increase the monthly charges in order to pay back the borrowed funds.

In co-ops with a strong sense of community spirit, the reserve fund can be used not only for building expenses, but for members' personal needs such as meeting medical costs due to an illness or supplementing income due to loss of a job. Joint purchasing of goods and services not related to housing is another way in which cooperatives often serve the needs of members.

Financing

Although cooperative housing is not a new concept, it is not always a familiar one to lenders and planners. As a result, it may take more time to work out the arrangements for purchase, conversion and operation. In addition to conventional financing, many people have used government programs and creative arrangements to put together a cooperative.

Cooperatives are usually financed by a long-term blanket mortgage arranged by the cooperative corporation. The co-op then assumes responsibility as the mortgagee to meet not only down payment requirements, but the interest and principal payments on a monthly basis. The monthly fees paid by the shareholders are part of these payments.

Frequently, it is necessary to take out additional loans to cover expenses related to the acquisition, renovation or maintenance of the property. This makes it difficult for a tenant organization of predominately lower-income people to participate without subsidies or socially motivated investors.

Savings and loan institutions and mortgage bankers can provide private financing with a conventional loan. However, because high rates of interest tend to translate into high monthly charges for members, co-op corporations prefer to shop for more affordable financing.

The Federal Housing Administration (FHA) insures mortgages on cooperative housing projects for five or more dwelling units. FHA insured funds may be used to build new co-op housing

or to acquire and rehabilitate existing buildings. FHA also provides technical assistance to cooperative corporations, and helps build and operate the project. Furthermore, with FHA insurance, downpayments can be significantly reduced.

Locally administered funds from the U.S. Department of Housing and Urban Development Community Development Block Grant program are available for cooperative development, maintenance and property rehabilitation as well. The HUD Section 8 program extends subsidized rents to tenant-initiated cooperative conversions, whether the conversion is existing or rehabilitated housing.

Owner take-back financing—the owner acts as a seller and a lender—is frequently pursued. Using this procedure, the tenant organization is required to make a cash down payment as well as monthly principal and interest payments to the owner. Although this kind of owner financing may be easier to acquire, it tends to be available only at high interest rates.

Investor financing—an investor provides funds for a down payment in exchange for returns on the investment—is another possibility. There are investment groups that specialize in co-op housing. The board of directors and members should seek legal advice before commitments are made to any of these financing programs.

A final note: The National Consumer Cooperative Bank provides financial and technical assistance to existing and emerging consumer cooperatives. The Bank makes loans to eligible co-ops at prevailing interest rates and provides information and services concerning the organization, financing, and management of cooperatives that are forming or that serve low-income members.

Advantages

Cooperative housing is a happy medium for older people who prefer economic and personal independence but want to avoid the management of a private home.

It is an affordable option because the equity accumulated in an existing home can be used to finance the purchase of a cooperative share and pay the monthly charges. Furthermore, cooperatives, particularly limited equity co-ops, build a strong sense of community spirit. Members share the goal of a secure living situation in which they have a large degree of self-determination and control.

An outgrowth of cooperative housing is additional in-house kinds of cooperative activity including day care, and bulk purchasing of foods, fuel, and household supplies. There are also small living arrangement cooperatives with several bed and bathroom suites that share a common kitchen and living and dining area. And there are co-location cooperatives which are located with new or existing subsidized projects to share congregate spaces and services.

For example, a congregate cooperative for older people in the Minneapolis area features one to three bedroom units with kitchens. All are accessible to handicapped persons and all have emergency call systems. The common space includes a restaurant, library, barbershop, crafts center, guest rooms and underground parking. In short, the concept of cooperative housing is flexible enough to meet a variety of needs and to adapt to a number of situations.

Disadvantages

Dissenting opinions about cooperative housing most often focus on the concept of limited equity or place cooperatives in contrast to condominiums. It has been argued that you can't claim to be a homeowner if you aren't able to realize appreciation on the value of your property. It's also been suggested that, even with a limited equity provision, persons with limited incomes will not be able to get financing or afford the loan payments and monthly charges without receiving subsidies.

Those who contrast condominiums and cooperatives focus on the significant differences between the two housing types, primarily in terms of the involvement of government programs and the members' responsibility for acquisition, renovation, and repairs. In a condominium, each individual unit is owned separately and is sold separately at any price to any purchaser. Although a board of directors is elected, it often delegates authority to a management firm, which doesn't own any part of the building, reducing the occupants direct involvement.

Another notable difference between condominiums and cooperatives is financial. The federal and local subsidy programs that are available to cooperatives are usually not available to condominiums. Property taxes tend to be lower in a cooperative than in a condominium because the assessment of a whole building is often less than the assessment of the sum of individual units. Income tax advantages, however, are comparable.

16 Conclusion

Cooperatives are one way for older people to seek security and equity in a home. But they should not be regarded as a solution for everyone. For people who dislike the lifestyle imposed by group ownership of property, co-ops would be a major error.

But group ownership also has benefits. For example, there is always the possibility of individual defaults, unforeseen repairs or personal mishaps. Most co-ops keep a reserve fund for these purposes, or the necessary financing is arranged by the cooperative. You, as a co-op member, are not personally liable.

Furthermore, once you've purchased your membership—most likely your biggest expense—monthly fees will be reduced to your share of maintenance, utilities and reserve funds.

Another advantage is that cooperatives have a single mortgage that does not have to be refinanced when a unit changes owners. Moreover, there are no costly real estate fees when buying membership.

In spite of the limited value of the share as an investment, members usually develop a strong sense of ownership in a cooperative. When the potential obstacles related to financing are overcome, co-ops are a workable, community-spirited, housing alternative that is well worth serious consideration by older Americans.

Katrinka Smith Sloan
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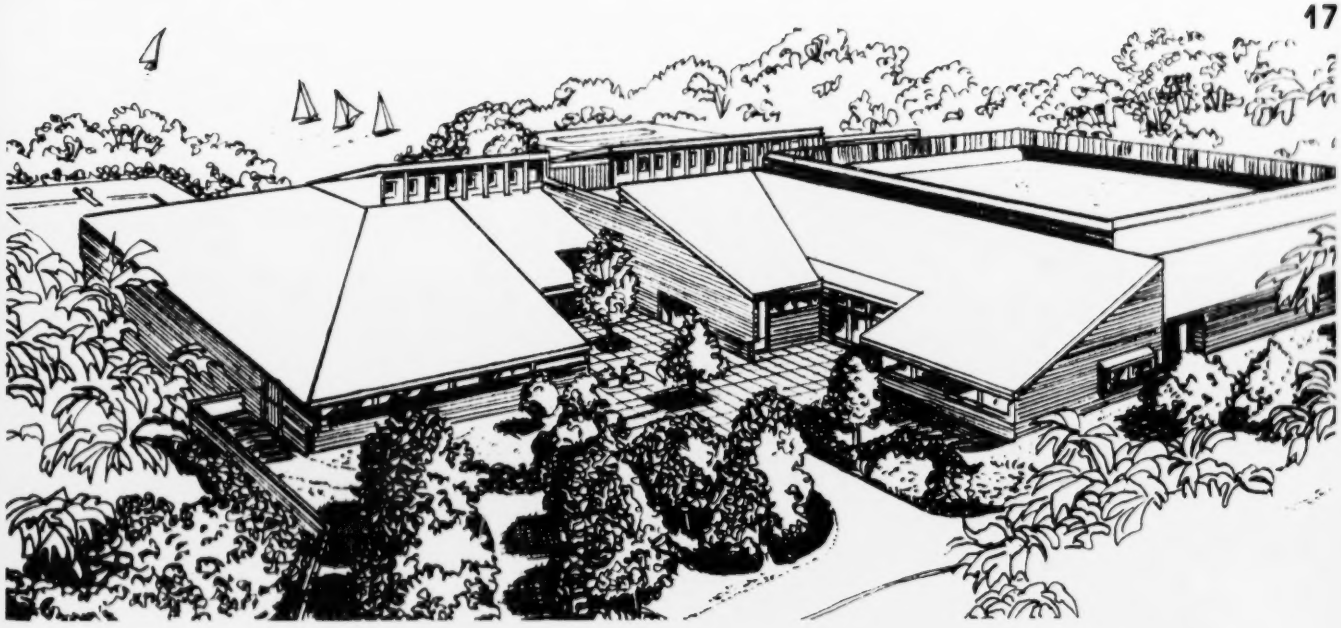


retirement communities 5

Are you interested in moving to an altogether new environment that comes complete with activities, social functions and services? If so, it may be worthwhile to explore the option of a retirement community.

Strictly defined, "retirement community" refers to an often small and self-contained complex that provides at least minimal services to its residents. Beyond this, however, retirement communities differ greatly, incorporating a wide range of housing options geared primarily to older people.

A retirement community may be an entire new town or subdivision. Or it can be just one high-rise apartment building. A variety of housing designs and arrangements are available as well as a number of agreements regarding financial and tenure commitments.

There are even retirement communities that have no age restrictions, so some residents are neither retired nor elderly. Because of these many options, it is important that you thoroughly explore the nature of a community before moving in.

Background

Builders began to construct communities designed specifically for older people shortly after World War II. They sprung up primarily in the traditionally popular retirement locales of Florida, Arizona, and California. Today, there are an estimated 2,300 retirement communities scattered throughout the United States housing close to a million people. The majority are sponsored by religious organizations.

Housing and Services

Retirement communities are usually geared to meet the residents' broadest possible range of interests. As a result, there are various housing options offered and a number of levels of personal care.

Contrary to the popular perception of small, single-family homes situated in a carefully planned and landscaped setting, the majority of all retirement communities consist of apartment units. Fifteen percent are mobile home communities. Less than two percent are single-family dwellings.

Those communities that are new towns—or that are new subdivisions of an established

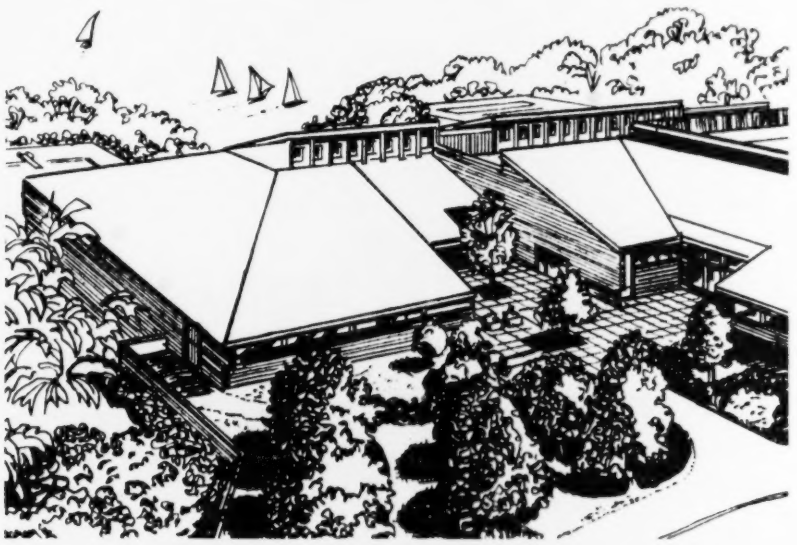
community—usually consist of detached houses, townhouses, and perhaps one multi-level apartment building. These developments generally feature recreational facilities and accommodations for social gatherings.

Another kind of retirement community is the continuing care center which typically has about 500 residents. Often sponsored by a non-profit organization, these complexes include houses, apartments and a nursing home. The supportive environment lends itself to long-term stays. For the most part, residents who select this arrangement are attracted to the security of lifetime care.

Continuing care centers generally have more restrictive admission requirements regarding minimum age as well as explicit health and financial standards. Residents usually pay in advance for the capitalization of a project and agree to a periodic payment for operating expenses and daily services.

A third type of community is housed in a single high-rise buiding. Although meals are often offered in a common dining area and light housekeeping is provided, the number of other services is usually limited.

In addition to offering shelter and security, retirement communities tend to stress a variety of recreational and social activities and considerable peer mixing. Among the activities frequently provided are golf, tennis, swimming, potluck suppers, card games, cookouts, exercise classes and dancing.



Cost

The cost of living in a retirement community varies with the housing and activities provided. Most require the resident to pay a monthly fee to support services such as grounds upkeep, building repair and maintenance. There are additional fees for meals and activities. And some request a substantial "user fee" upon arrival at the community. Following are examples of four distinct communities and the approximate fees at each.

- *Highland Lakes* near Tampa, Florida, has 1,700 living units, offers a golf course, fishing docks, arts and crafts workshop and a 1,000-seat auditorium. Prices in 1983 ranged from $68,950 for a duplex to $82,950 for a single-family home.
- *Leisure World* in Silver Spring, Maryland, has 2,680 single-family homes, apartments and semi-detached living units; additional dwellings are planned. Prices in 1983 began at $85,000 and monthly fees ranged from $180 to $400.
- *Goodwin House* in Alexandria, Virginia, is a single-building, continuing care, retirement community with prices in 1983 ranging from $34,000 for an efficiency apartment to $60,000 for a one-bedroom unit. The monthly fee is $755 for a single person and $1,400 for a couple. This fee pays for all meals, personal and nursing care, and maid service, as well as various educational and recreational programs.
- *Otterbein Home* in Lebanon, Ohio, is a continuing care retirement community with a 1980 population of 715 residents. The facilities at the present time include three types

of independent housing—ranch style duplex apartments, cottages, and low-rise apartment buildings, although construction of larger units is underway.

In addition, there are three levels of health care—personal, intermediate and skilled. Continuing care contracts are available but optional. Contracts require a prorated entrance fee, which in 1983 ranged from $9,400 to $72,400. Monthly payments to cover services, care and housing ranged from $415 to $945 per person.

Life in a Retirement Community

In spite of all the activities and options, a retirement community may not be for you. You may feel the life-style is too passive, that you don't want to be strictly with people your own age, or that it is too expensive.

Some people feel that age-segregated housing and the loss of a certain amount of independence will have a negative impact on a person's well-being. However, a study of retirement communities concludes that there is no evidence of poor morale, general dissatisfaction with retirement or social alienation among residents. In fact, the study found that residents of retirement communities experience quite the opposite.

You may be one of the many retired persons who is attracted by the opportunity to leave both the city and the ownership of a larger-than-necessary home behind. You may want the chance to begin your life anew in a different part of the country with people your own age with whom you will probably feel considerable kinship.

If you are thinking of moving to a retirement community, there are several factors you should consider:

- Cost—both at the present time and in projected fees;
- Geographical location, particularly proximity to transportation and family;
- Services and facilities provided in the community;
- Flexibility of the community to adapt to your needs as they change with time;
- Implications and commitments involved in life-care contracts;
- Management of the community and the extent to which you, as a resident, would have a role in its governance.

Future of Retirement Communities

Construction of new retirement communities has slumped in recent years. It is predicted, however, that by the end of this decade they will represent one of the fastest growing segments of the nation's housing industry.

While there has been some government assistance to organizations that have developed retirement communities under Section 202 Direct Loan Program and Section 231 Mortgage Insurance for Rental Housing (see chapter 11), the primary impetus has come from private developers and nonprofit sponsors. This pattern is likely to continue.

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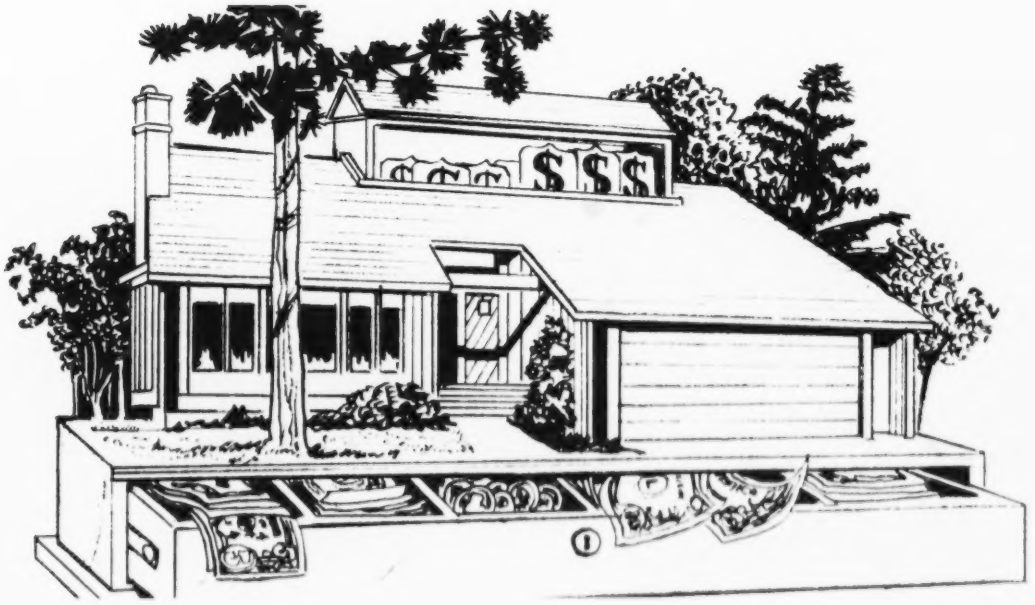


home equity conversion 6

Your home is often the single most valuable financial asset you own. Over the years, you may have paid off your mortgage and watched your home grow in value. Today, many homes are worth a lot more money than when their owners purchased them. As a result, many homeowners have become rich in equity.

Approximately 12.5 million homes are owned by Americans over 65 years of age, according to a U.S. Senate report. "Eighty percent of these are owned free and clear, without any outstanding mortgage," says the report. "For the majority of these homeowners, the equity they have accumulated in their homes represents their single largest asset, their major lifetime investment, and the bulk of the estate they have to leave their children. It is estimated that the home equity held by older Americans totals more than $600 billion."

If you own your own home, you probably want to continue living there. You do not want to sell and move out, even to free the equity you have in it. Yet, the increased value is of little use to you as long as you choose to remain in your home. And, if you're living on a fixed income, you may become increasingly rich in equity and poor in cash each year.

Innovations

Until recently, you had to choose between living in your home or selling it. But, in the last few years, methods have been introduced for homeowners to receive cash for their equity, yet remain in their homes.

These new ideas—called home equity conversion plans—are now in an *early* stage of testing and experimentation in only a *few* parts of the country. In the future, these plans may become widely available throughout the nation. At present, consumer advocates are watching their development closely.

Types of Equity Conversion

Home equity conversion plans are essentially variations of three familiar financial transactions: loans, sales, and deferred payments. Reverse mortgage ***loan plans*** differ from conventional loans because they do not require you to repay any principal or interest for many years, or in some versions, for the rest of your life. The ***sales plans***, unlike conventional sales, allow you to remain

in your home and retain occupancy rights as long as you live. ***Deferred payment plans*** enable you to use your housing equity for home improvements, tax deferrals, and other purposes.

Loan Plans

Home equity conversion loan plans include reverse mortgages, adjustable rate reverse mortgages, and reverse shared appreciation mortgages. Despite the terminology, these plans all share one feature: they offer homeowners the opportunity to exchange housing equity for cash and, at the same time, continue to occupy their home and maintain title to their property.

Here's how they work. Each month the lender, usually a bank or savings and loan association, sends you a check. These checks each constitute a loan which, along with compound interest, you must repay. But you do not have to repay the principal or the interest until the end of a specified period of time. This term might run from five to 15 years, or until you die or sell the property. In most cases, the home will ultimately be sold to settle the obligation. Any value in excess of the debt goes to the homeowner or to the estate.

The more equity you have, the more you can convert into cash. You can negotiate the rate of that conversion, but the more you convert into cash now, the less you will have in store for the future. Moreover, interest charges are added to the cash a lender advances to you. The final costs to you will include the amount borrowed, plus compound interest charges, as well as any fees or commissions you may have to pay for professional services.

You could use a short-term reverse mortgage to pay living expenses until a pension or other source of income begins, or until you can arrange for the sale of your home. After several years, however, the compound interest charges on these plans mount and can rapidly erode the equity you hold.

A non-profit corporation in California, cooperating with a group of banks and a savings and loan association, has launched an equity conversion program for people 62 years of age and older. Their reverse mortgages provide either a fixed monthly payment with a fixed interest rate, or graduated monthly payments that increase by 6 percent a year to help offset increases in the cost of living.

The program also is making available a renegotiable reverse mortgage that permits payments and interest rates to be adjusted every three years based on any increases in the home's value.

A corporation in New Jersey has developed a reverse shared appreciation mortgage known as The Century Plan. The plan is available to all home owners over the age of 65. It is designed to provide qualified persons with a set monthly income to at least the age of 100. According to the plan, either 50% or 100% of the appreciated value of the home is *shared* with the company and there is no obligation to pay off the loan until a homeowner's 100th birthday.

Sale Plans

In loan plans, a homeowner borrows against equity. In sale plans, the owner sells the home. In one sale plan, called a sale-leaseback, the homeowner sells the home to the investor—usually a private investor or syndicate—who immediately leases it back to the seller for life. The seller then becomes a renter in the home he or she has just sold. The sale-leaseback contract specifies all the rights and responsibilities of each party.

The new owner assumes ownership expenses such as taxes, major repairs, and homeowner's insurance. In a commercial sale-leaseback plan, developed in California, the seller receives a down payment and regular monthly payments which are secured by a purchase agreement and deed of trust. At the time the purchase agreement is signed, a lease is also negotiated. The amount of rent that must be paid varies, depending upon the terms of the lease.

The investor also buys a deferred payment annuity. The premium is paid in a lump sum. The benefits are paid only if the beneficiary lives longer than the monthly payments required to satisfy the purchase agreement. There is no benefit paid the beneficiary at the renter's death, regardless of when it occurs.

Sale-leaseback plans obviously involve complex legal and financial arrangements. They should be approached with a full understanding of the terms of the agreement.

A variation of the sale-leaseback plan is called a remainder interest plan. The house is sold with a life estate to the seller represented by occupancy and ownership rights until death or until the owner gives up occupancy of the house. At that time, the title is transferred in its entirety to the buyer.

Buyers in this arrangement usually are private, non-profit agencies. The potential benefits of remainder interest contracts include major rehabilitation as is needed, plus a guarantee of monthly income for as long as you occupy the home. Depending on the specific plan, the seller-occupant may or may not be responsible for taxes, maintenance and insurance.

Deferred Payment Plans

Several public and private non-profit organizations now offer homeowners other new kinds of loans. One of them, a deferred payment loan, is a single, lump sum loan made to a homeowner for a specific purpose, such as repairing, weatherizing, or renovating the home.

Deferred payment loans usually carry a low or moderate interest rate. There are some with no interest. The most important feature of these loans is that no payments of any kind are due until the homeowner dies or sells the home.

Another deferred payment loan enables homeowners to use their equity to pay for regular, periodic expenses, such as property taxes or in-home services. The cost of these expenses are not paid in cash but are charged to an account that establishes a lien against the property. You may pay the accrued expenses plus interest at any time, but they are not due until you sell your home or die. Any equity in the house not used to meet that obligation remains the property of the homeowner or his estate.

Homeowner Safeguards

While a number of national organizations have endorsed the idea that older people should be able to reap some cash benefits from the housing equity they own, these organizations qualify the endorsement with a caution that safeguards are necessary to protect the rights of people who take part in these plans.

Some of the measures that are intended to serve as safeguards include:

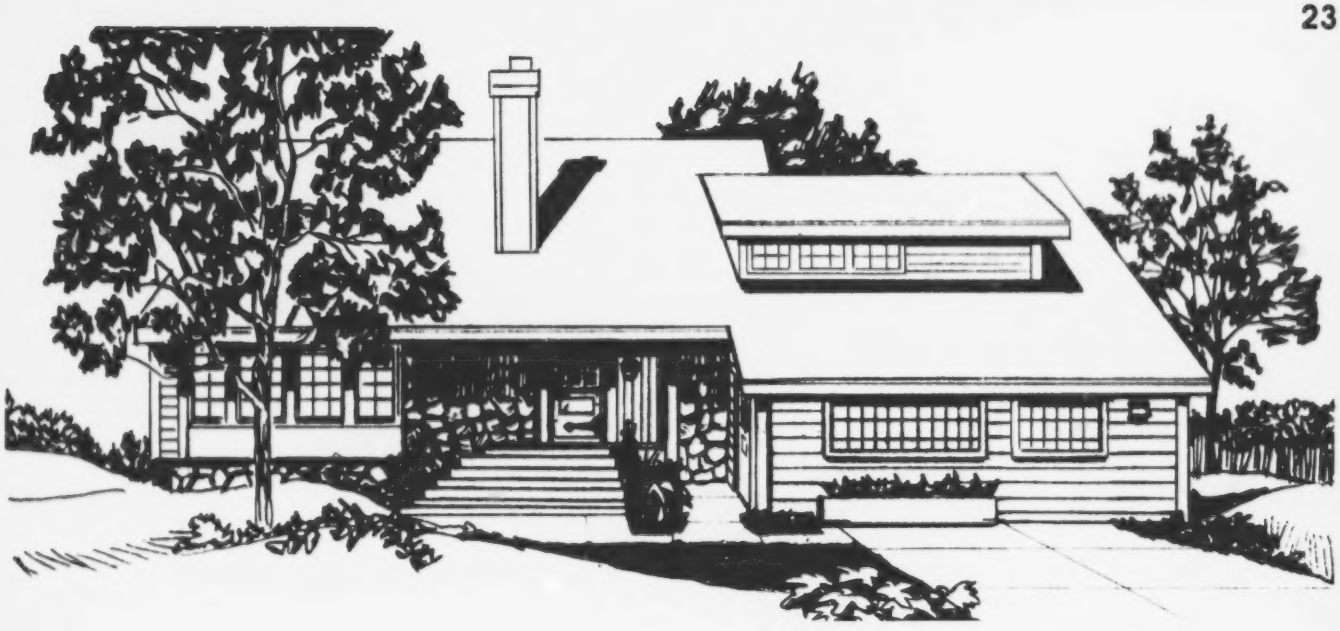
- Legal and financial counseling services for homeowners considering these plans;
- An insurance program to protect homeowners against loss of property because of misrepresentation, fraud, or outliving the term of the agreement; and,
- Strict laws and penalties for those who attempt to exploit older people in reverse equity plans through high pressure sales tactics, lack of full disclosure, fraud, or deceit.

It has been recommended that a program similar to that of the Federal Housing Administration be established to help cushion risks that organizations offering these plans might experience. Federal guidelines are also needed to establish uniform standards for home equity conversion plans.

Summary

While home equity conversion plans can benefit many people, they should not be viewed as a panacea by older homeowners. They are new and currently available only in a limited number of areas. As home equity conversion becomes more widely recognized, you may want to consider, with the guidance of a legal or financial counselor, a plan that suits your circumstances.

Ken Scholen
National Center for Home Equity Conversion



accessory apartments 7

Do you and your spouse live in the large house you bought years ago when you were raising a family? Or maybe you're a widow or widower in a similar situation.

You may feel very comfortable in that home. It's usually close to lifelong friends, familiar shops, your place of worship, and family. But large homes can also be a burden, both financially and emotionally. There's a lot of unused space to clean, heat, and maintain. Taxes seem to rise every year. You may be uneasy about leaving it empty when you travel and dislike the annoyance of finding someone to water and mow the lawn in your absence. And, if you do live alone, you may feel a bit isolated and get lonely from time to time.

All these things make it difficult to decide whether to stay put or move. In fact, you may find neither alternative appealing.

Using the Space

If you do have a lot of unused space in your home, the answer to your moving dilemma may be to install an accessory apartment. An accessory apartment is a second, completely private living unit installed in the extra space of a single family home.

Accessory apartments can provide you with additional income, as well as the security and companionship of someone living nearby. Moreover, tenants may be willing to provide services in return for rent reductions, although you would want to make sure you both understand clearly what is expected.

In addition, tenants can create a sense of security. They can ease three common fears: the fear of break-ins, the fear of being alone in an emergency, and the fear of leaving a home unattended.

The economic feasibility of installing an accessory apartment depends mainly upon the design of the house. In a split-level home or one with a walk-out basement, the installation costs may be fairly low. On the other hand, adding a double dormer and making other changes in a Cape Cod house can be very costly.

Accessory apartments in the homes of adult children can be a solution for people who need support from their children but do not want to sacrifice their independence. This arrangement makes it possible for older people to maintain their own private place apart from their adult child's household. Another possibility is for parents to install an accessory apartment for one of their adult children to live in.

24 Changing Neighborhoods

Many people are skeptical about accessory apartments. They see them as the beginning of a movement to change the single-family character of a neighborhood. Some express fear that speculators will buy up houses for conversion to rental duplexes. They worry about absentee landlords, increased traffic, and building code violations.

Proposals to legalize single-family conversions have met with strong resistance. On Long Island, near New York City, where illegal conversions are widespread, only four or five towns have taken steps to legalize them.

There are effective ways to deal with many of the objections to conversions. One is to permit conversions only by owner-occupants, because these people will not want to see their neighborhoods deteriorate. This provision also keeps out absentee landlords.

Another approach is to make regulations prohibiting exterior changes, such as an additional front door, that might change the visual character of a neighborhood. A third approach is to grant permits as special exceptions. This allows neighborhoods to comment on every application and to stop conversions if they have a negative impact.

Some towns make age a condition for approval of conversions. One town in Connecticut, for example, permits conversions only if either the owner or prospective tenant of an accessory apartment is 62 years of age or older. Others allow only relatives of the homeowner to live in the accessory apartment.

Zoning Changes

If you are an older homeowner who wants to install an accessory apartment, contact your local zoning agency for information about the local code. If conversions are prohibited, you can try to change the law. The best advocates of conversions are usually older homeowners themselves, as well as their adult children

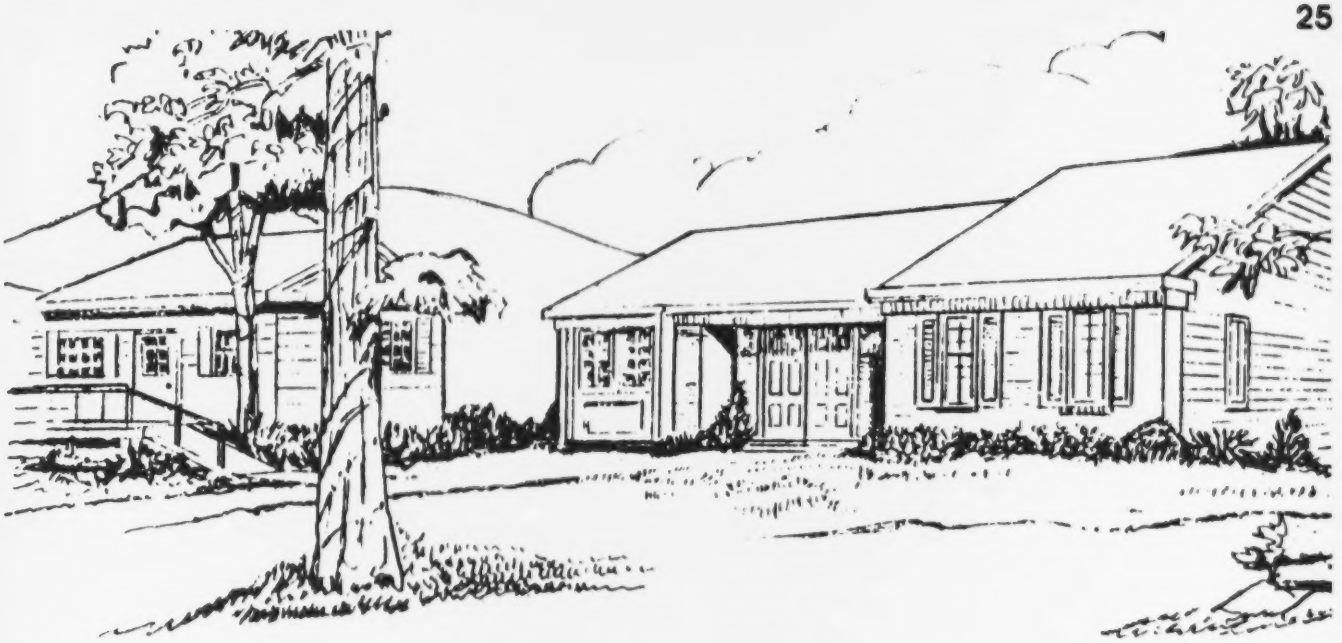
The logical first step in a campaign is to educate local officials and older residents on the advantages of conversion and the kinds of safeguards that will make them acceptable additions to the community. A local aging organization or religious group might organize a series of seminars on accessory apartments with slide shows and other educational materials.

Summary

Zoning barriers are blocking the productive use of much unused space in homes. If an accessory apartment would help you, you may want to encourage your local government to amend zoning laws to permit them.

If accessory apartments are permissible you should seek assistance from an attorney concerning legal, tax, and liability issues; from a lending institution for financial advice; and from a contractor for details on the work, estimates, and bids.

Patrick H. Hare
Patrick H. Hare Planning and Design



echo housing

8

Have you ever thought about living with your children or other members of your family? Perhaps you rejected the idea because you felt you would lose your independence or become a burden.

One new solution to this dilemma is ECHO housing (*Elder Cottage Housing Opportunity*). An ECHO house is a separate, self-contained unit designed for temporary installation in the side or backyard of an adult child's home. It's a concept that permits closeness without sacrificing self-reliance.

The idea originated in Australia under the name of "granny flats." The Victoria Ministry of Housing installs and rents the units and then removes them when they are no longer needed.

A few manufacturers in this country are beginning to make ECHO homes that cost about $14,000 to $20,000. Because the homes are both removable and reusable they're generally produced as manufactured housing.

Family Benefits

The benefits of ECHO housing can be substantial. For example, Frederick County, Maryland, permits ECHO units as special exceptions to single-family zoning in certain districts. People who've taken advantage of the option are eloquent advocates of the idea. A widow who moved into an ECHO unit a few feet from her daughter's house says her new home allows her to make ends meet. Her daughter adds, "All of us were worried about mother being by herself. Now that she doesn't have to keep up her big house, she's free to do things she has never been able to do before."

A daughter in another family says that ECHO housing helps her support her parents while permitting them their independence: "It gives them freedom when they need it, like when they have company. I'm not in their way; they're not in my way."

There is also mutual support between households. A mother talks about how she and her daughter help each other: "There are a lot of things I can do that are not physically detrimental to me. I do for her, and, of course, she does for me."

Others talk about the close relationship between grandparents and grandchildren; about the time saved by not having to travel to visit; about the guilt spared because families are able to care for each other; and about being able to help each other when a family member is in poor health.

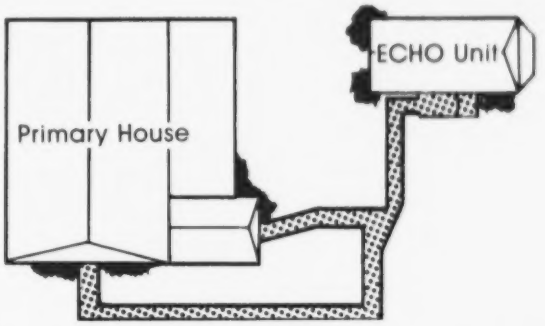
In 1981, California enacted legislation enabling local governments to permit ECHO housing

and recommending standards for its use. Other areas that now allow ECHO housing include Colerain Township, Pennsylvania, and Tucson, Arizona.

Obstacles

Unfortunately, zoning codes and public attitudes in many localities prohibit ECHO housing. Rockville, Maryland tried to initiate an ECHO housing program as a part of its plan to provide affordable housing for the older population. Proponents faced an avalanche of protest and the program was not implemented. It is clear that without broad community support, homeowners who install ECHO housing can create animosity in the neighborhood.

If this living arrangement is of interest to you, inquire at your local zoning office to determine whether ECHO units are legal. The name and concept may be new to many zoning officials, and you may have to explain it to them. The farther you are from major cities, the less restrictive zoning is likely to be.



One difficulty facing ECHO housing is the fear that it may harm the appearance of a neighborhood. Some critics equate manufactured housing with poor aesthetics and construction. But local authorities can ensure that ECHO homes will be attractive and compatible with the style of existing neighborhoods.

Advocates are also trying to develop ways to guarantee high quality construction standards for ECHO housing units.

If local zoning does not permit ECHO housing in your area, you might consider applying for a special use permit, which will expire when the ECHO unit is no longer necessary. To support your application, you may want to enlist the support of any local organization for older people that is likely to share your concerns.

When trying to change zoning codes, remember that the purpose of zoning is to protect and improve the quality of life and the value of property. If ECHO housing is properly constructed and promptly removed it should accomplish both of these goals.

Recommendations

The American Association of Retired Persons (AARP) sponsored a forum on ECHO housing in 1981. Some of the recommendations that emerged at that time include the following:

- Agencies for the aging, both public and private, should assume a leading role in studying ECHO housing as an effective way to solve the housing problems of some older people.
- State, county, and city officials, as well as local housing and zoning agencies, should include ECHO housing in their comprehensive housing plans.
- Private developers and manufactured home builders should explore sound designs, technical skills, and financing methods for ECHO housing.

If these recommendations are pursued, ECHO housing will become a viable, affordable housing option for many older persons.

Patrick H. Hare
Patrick H. Hare Planning and Design

a) not tasty
b)
11. Describe the homesharer you'd prefer:
a) Number of sharers: ____
b) Female ____ Male ____ Either ____
c) Age range ____
12. Do you want to cook your own meals or prepare meals together?
13. Do you smoke? Yes ____ No ____
object to smoke? Yes ____ No ____
14. Do you have a Pet?
Yes ____ No ____
What kind?

home-matching programs 9

Some old and traditional ways of solving housing problems are gaining new support among legislators, community leaders, and the public. One example is the growing number of shared housing match-up programs in which would-be home or apartment sharers are introduced to home or apartment seekers.

These arrangements are becoming more common thanks to individual initiative and public or private agencies that specialize in matching services. Participants include older people, one-parent families, moderate or low-income singles, students, and the divorced or widowed. Some agencies also offer their services to people with mental or physical disabilities.

Examples of the shared housing that match-up programs promote include:

- Intergenerational homesharing involving older homeowners sharing homes with unrelated younger persons;
- Homesharing arrangements that involve an exchange of services such as cooking, housework, gardening, or babysitting for room and board or some financial consideration such as rent reduction.

Programs In Action

In Los Angeles, former school teacher Janet Witkin organized a group of volunteers, rented a store-front office and founded a non-profit home-matching service called Housing Alternatives for Seniors.

To date, the service has found sharing arrangements for more than 600 older people. Donations and a modest federal grant help defray the program's cost. Applicants complete a questionnaire about attitudes concerning such things as smoking, hobbies, diets and overnight guests.

Witkin says that older people are learning that two or three can live more cheaply than one person alone. "Many of them have found that living with an older housemate is easier than moving in with their grown children."

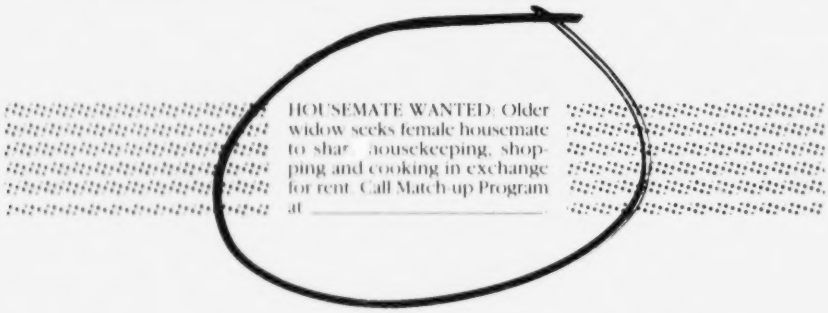
In Montgomery County, Maryland, Operation Match offers a clearinghouse service to link people offering living space with people seeking housing. It began as a service for older people, but the organizers soon learned that demand for shared housing was not limited to any single age group. The program now includes single parents, recently widowed persons, people in the midst

of divorce or separation, and handicapped persons. Older people comprise fewer than 50 percent of the clientele.

Community Benefits

These services can enable older people to continue living in their homes while promoting continuity of home ownership and community stability. Through house-matching, better use can be made of existing housing. Furthermore, match-up programs can counter the problem of displacement among the hardest hit population, older people on relatively low, fixed incomes.

House-matching can result in increased companionship and security. Both household and financial responsibilities can be shared. An additional benefit is the opportunity for homesharers to look out for each other. While many matches remain typical landlord-tenant relationships, others develop into warm personal friendships.


HOUSEMATE WANTED: Older widow seeks female housemate to shar housekeeping, shopping and cooking in exchange for rent. Call Match-up Program at _____

Barriers

Although the personal and social benefits of shared housing match-up programs can incite considerable community enthusiasm, it is important to be aware of potential obstacles. Zoning, for example, may allow two or three unrelated people to live together but might bar a married couple from living with an unrelated parent and child. Supplementary Security Income (SSI) or food stamp recipients can risk reductions or loss of benefits if they share housing, because it can have an impact on income.

Public opposition can also be a factor. While the public generally favors people using these individual arrangements to meet their housing needs, those who object to house sharing in their neighborhood can be critical and bitter. Often, however, a non-profit sponsoring organization that has good standing in the community can ensure acceptance of match-up programs.

How To Decide

People who contact match-up programs are often experiencing some crisis in their lives, the death of a spouse, personal illness, eviction, or a substantial rent increase. This is one of the reasons why sponsoring groups train volunteers and staff to be counselors, as well as house finders.

Homesharing may not be an individual's first choice. Many people are simply unaware of the potential benefits. Others do not want to share their living quarters.

Organizers of many matching programs find that a major difficulty is the sharp difference between the needs and expectations of homeowners and homeseekers. Homeowners may seek homesharing as a long-term arrangement while homeseekers might see it as a temporary solution to urgent problems. Some owners may resent sharing certain prized possessions; tenants may resent restraints on favorite pastimes or living patterns.

Good home-matching services offer counseling to prospective applicants to help them resolve some of their doubts. Counselors explore expectations, concerns, and hopes to determine whether shared housing, as well as a specific arrangement, is a good choice.

Shared housing is not appropriate for everyone. Whether you are a homeowner (or rent an oversized apartment) or a homeseeker, you should make your decision only after you carefully assess the advantages and disadvantages. One rule-of-thumb is not to move into a bad situation hoping to make it better. The time to negotiate a workable arrangement is before you commit yourself to it, economically, physically or emotionally.

Housing Alternatives for Seniors in Los Angeles offers thorough counseling before it recommends a match. A new applicant—homeowner or homeseeker—meets with a volunteer who

discusses the reasons for and against a sharing arrangement. In an effort to match compatible people, counselors encourage potential housemates to meet several times, talk with each other about their preferences, and spend a weekend or a week together before they decide on a more permanent arrangement.

Summary

Home-matching services are forming in various places around the country. However, they still aren't keeping pace with the potential demand. Communities can help close this gap by organizing services to bring people together to satisfy their housing needs. The results can be better communities, with more available and affordable housing, and better lives for many people.

Leah Dobkin
Shared Housing Resource Center

shared housing 10

Shared housing is another new option being explored by individuals, communities and the government as a way to provide adequate, affordable housing for older people. In this scheme, two or more unrelated individuals share the common areas of a house, while each having their own private space. Usually, the house is owned by a public or private agency rather than by any one resident.

The benefits of this kind of arrangement are numerous. First, it can be very economical. Rents in shared dwellings range from $100 to $900 a month, depending on what tasks are done by house management and what are done by the residents. Resident involvement can include responsibility for property maintenance, housekeeping, finances, governance, resident selection and public education—all of which can be exchanged for rent.

Conversely, a resident may do nothing more than pay the rent. Regardless of the arrangement, when costs and responsibilities are shared by a number of people, the expenses for each individual are significantly reduced.

Another benefit of a shared arrangement is companionship. Living together can help overcome loneliness, as well as provide a sense of security. Socially, house-sharing offers a peer support system or, when young and old share, intergenerational support.

For older homeowners who are experiencing difficulties maintaining large homes, house-sharing provides an opportunity to remain in the neighborhood. In addition, a house-sharer may help the homeowner with personal needs or provide the additional income to pay for chore services. In other words, for those with physical health problems, house-sharing may be a means of maintaining independence through interdependence.

In sum, the tangible benefit of shared housing is the more efficient use of available housing. However, the intangible benefits to the homeowner and house-sharer—economic, social and emotional—are equally important and probably more far-reaching.

Current Developments

Presently, efforts to promote and develop shared housing are widely scattered and not coordinated. Shared households have occurred naturally in the past, mainly as a result of the tight economy.

The Shared Housing Resource Center of Philadelphia has identified approximately 75 shared

residences around the country. Sponsored by local community groups, primarily for active older people, these homes have from three to 15 residents. The Center also estimates that there are approximately the same number of non-profit, match-up agencies that couple older homeowners with homeseekers.

Because most people still prefer private home ownership, potential sponsors are trying to educate consumers about the benefits of sharing housing in order to spark interest.

Financing

Financing is often a major hindrance to potential new sponsors of shared housing programs, especially when a sagging economy is coupled with government cutbacks. The shared housing movement needs models of commercial transactions that will attract lenders.

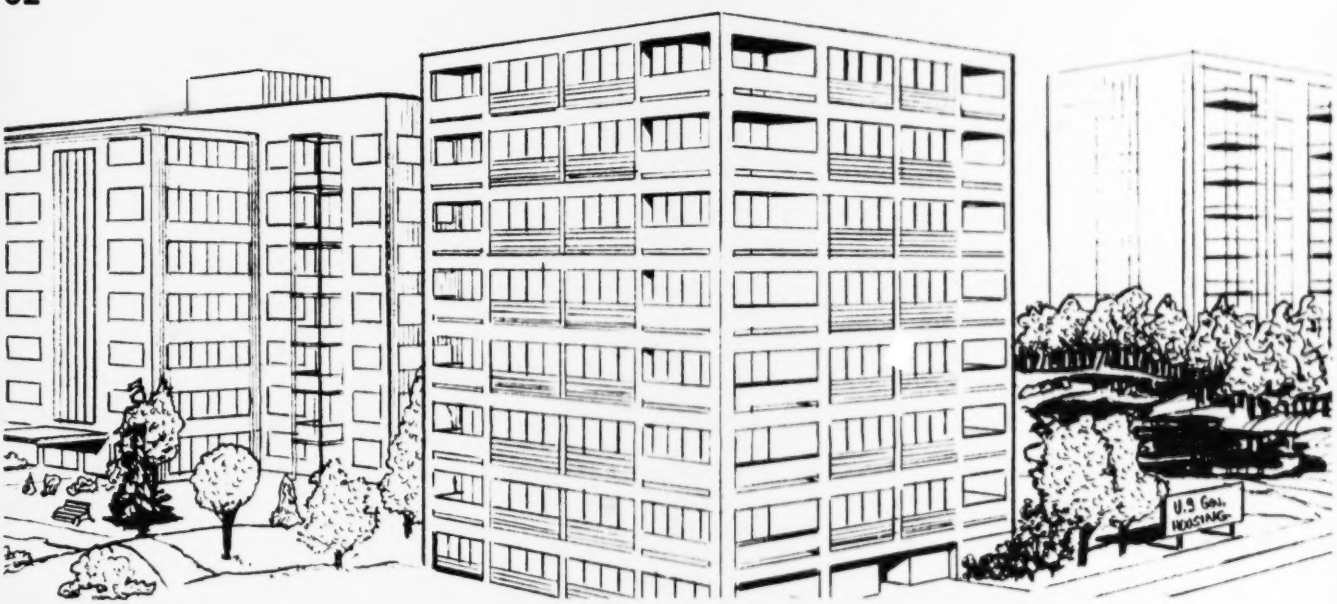
In order to reach low-income groups, capital acquisition costs per person in group living residences must be more modest than in new construction. A goal of rental payments between $100 and $200 per month per person can only be achieved by limiting costs on every item from acquisition to interest rate. To achieve this, a partnership between the public and private sectors is usually required.

Sources of funding may include short term loans from individuals, grants from corporations and foundations, credit unions, social agencies, religious organizations, future residents, municipal programs, or tax-exempt bonds. Other sources might be state and federal housing assistance programs, commercial lending institutions, joint public-private ventures, owners anxious to sell property, and tax shelter syndications involving nonprofit and proprietary interests.

Expectations

Every individual who considers group living has his or her own expectations about what is required and what is received. Shared housing, like other options, is not for everyone. Use careful thought and the assistance of a counselor before you decide to enter a group living arrangement. This will clarify your expectations and needs so that you can determine whether shared housing is the appropriate alternative for you.

Dennis Day-Lower, Drayton Bryant and Joan Ward Mullaney
Shared Housing Resource Center



federal programs and senior housing

11

The Federal government has taken several steps to help solve the housing problems of older people, including:

- Construction programs to add to the quantity and quality of housing units available to older people;
- Financial help to give people the opportunity to pay for better housing.

National housing programs for older persons generally have stressed rental housing rather than home ownership. Although some government assistance is available to make home ownership easier for the elderly, such assistance is not exclusively for older people. Furthermore, federal housing programs and funding for programs have been changing dramatically.

Construction Programs

During the past 30 years, a wide variety of federal housing programs have been created to help construct or rehabilitate rental housing for the elderly and other special population groups. While some of these programs are now inactive or face uncertain futures, many existing units in communities across the country are available for eligible tenants.

For the most part, federal housing programs have operated under the jurisdiction of the U.S. Department of Housing and Urban Development (HUD). One major program, however, the Section 515 Rural Rental Housing Program, is under the authority of the Farmers Home Administration (FmHA) of the U.S. Department of Agriculture.

Impact

The impact these programs have had extends beyond the number of units they have produced. The programs have been instrumental in fostering the development of standards for safe, decent, and supportive living environments for older adults. Moreover, they have set benchmarks for good architectural design, suitable location and site planning, effective management and operating

capacities, and the successful blending of housing and support services. Developers of housing for older adults continue to learn from the levels of excellence demonstrated through federally-assisted housing developments.

Differences

The programs vary in several ways. For example, some emphasize housing facilities exclusively for people 62 years of age or older, with a special provision permitting residence of non-elderly persons with handicaps or disabilities. Other construction programs have been designed to stimulate the development of good housing for persons with low and moderate incomes, regardless of age. Some programs have limited income requirements; others do not.

Who Sponsors Them?

Federal housing programs have operated mainly by providing financial assistance to eligible housing sponsors and developers—non-profit groups such as local churches and synagogues, denominational and interfaith housing corporations, civic organizations, fraternal groups, profit-making or limited-dividend developers, public housing authorities, and other public agencies or consumer cooperatives. Non-profit sponsors involved primarily in the HUD Section 202 program have generally succeeded in developing good, planned housing for the elderly. They have been particularly successful in drawing upon resources from their membership and their communities.

Forms of Assistance

Federal financial assistance available to eligible sponsors and developers takes several forms. In Section 202 and FmHA Section 515 programs, federal help takes the form of direct loans to sponsors and developers at below-market interest rates or federal mortgage insurance. The direct loan results in the project being financed at the rate paid by the Treasury Department to borrow the funds, plus a modest administrative fee. Federally-insured mortgage loans are secured from conventional, private-sector lending institutions. In either financial arrangement, federal involvement generally makes it easier and is often the only way to attract private-sector investment.

Another form of assistance comes through public housing. The federal government makes annual contributions to public housing authorities (PHAs) to cover the debt service on bonds sold by the PHA to pay for the construction or purchase of apartment buildings. The federal government generally provides operating subsidies in order to maintain low rental fees. The agreements between the federal agency and the PHA often combine rental assistance with construction support to ensure that rents collected are low enough for tenants who barely meet or fall below the specified income levels.

Although various federal housing programs operate quite differently, a common objective has been to promote the development of affordable housing for older people with different needs, including the following:

- Housing for fully independent living is designed for older persons who can live independently without the aid of social support services. Typically, these housing facilities provide efficiencies or one-bedroom apartments with cooking facilities. They also may include common social and recreational spaces and, less often, common dining rooms and kitchens. Some support services may be available to meet a temporary need or for the convenience of the residents.
- Housing with limited social support—or congregate housing—provides self-contained living units with private baths and at least partial kitchens. Common spaces for group activities and common dining rooms for group meals are required. Social support services are available to help impaired residents carry out the activities of daily living, including housekeeping assistance, personal services, social and recreational activities, and transportation.

Federal mortgage insurance has also been available for nursing homes that furnish nursing and medical services. Here, obviously, the emphasis is on care and treatment, rather than on independent living. The federal government has also helped to develop mixed or campus-type housing,

in which several types of housing and one or more levels of medical-care facilities are in close proximity to each other. These campuses enable residents to move from one level of housing services to another as their needs change, and allow people with different needs to enter the campus at different care requirements.

An estimated four percent of the elderly live in federally-assisted housing. This housing includes high-rise and low-rise buildings, small projects and large ones, and freestanding and campus-type developments. Most of this housing is designed for independent living but it also includes arrangements for those who need some daily services to keep their independence and avoid unnecessary or premature institutionalization. You can find out what housing programs exist in your own community by contacting your State or Area Agency on Aging, your local housing authority, or HUD and FmHA field offices.

Non-Construction Programs

The main objective of federal housing programs has been to make available safe and decent housing that families, old or young, can afford to rent. Interest and operating subsidies to building sponsors have enabled them to maintain low rents and still defray the expenses of operating their buildings.

Federal efforts have also been aimed at people with moderate incomes, especially older adults, so that they can afford good housing through direct rental assistance. Rental assistance has enabled eligible people to pay no more than 25-30 percent of their total income for housing. Income below a certain level, rather than age, has determined who is eligible. Both HUD and FmHA administer these programs. Current information on HUD benefits is available from local public housing agencies and HUD Area offices. Information on FmHA assistance can be obtained from county and district FmHA Offices.

Rental Assistance

HUD rental assistance operates in two ways. With a certificate of eligibility from a local housing authority, people can search for suitable rental housing, perhaps in their current units or in existing apartment buildings. Housing authorities will then enter into contracts with building owners.

An eligible person might also look for housing in a private or federally-assisted apartment complex, a cooperative, or a shared housing or single room occupancy arrangement, certified for participation in the Section 8 program. The Section 8 program serves elderly and other persons whose incomes, for new applicants, do not exceed 80 percent of the median income for their community. Eligible renters pay no more than 30 percent of their income for rent. Allowable income adjustments are extended to elderly families and to individuals with substantial medical expenses. HUD pays the rest of the rent charge, based on "fair market rent" levels approved by the government.

In both cases, the HUD share of the rental payments goes directly to building operators on behalf of eligible tenants. The long-term guarantee of federal rental assistance under Section 8 has spurred the development of new and rehabilitated housing projects. By the end of 1980, the government had subsidized more than 350,000 units of existing, new, or rehabilitated housing for the elderly under Section 8, second only to public housing in serving a large number of older persons.

The FmHA program of rental assistance operates in a similar way although on a much smaller scale. The significant difference is that FmHA rental assistance is for residents of eligible housing developments. An older person living in FmHA-assisted housing can get a certification of eligibility for rental help by applying through the owner or manager of the building. Although the FmHA and HUD rental assistance programs differ in eligibility standards for income and assets, both programs provide special treatment for large and unusual expenses that older tenants face, such as utility charges and large, out-of-pocket health care expenditures.

The terms under which these programs operate are changing. Moreover, the total funds available for them, as well as for the construction programs, have never been sufficient to serve the needs of all the eligible people. The government has recently cut available funds from past levels of support. Thus, older persons and others interested in these forms of governmental help should ask for information on what is available in their community and under what conditions.

Home Ownership

No federal home ownership program focuses specifically on the elderly, but older persons can get help from a variety of federal programs aimed at encouraging home ownership. HUD, for example, runs mortgage insurance programs designed to promote ownership among financially qualified buyers of condominium and cooperative units and to stimulate development of this kind of housing by qualified sponsors under HUD Sections 234 and 213. HUD also runs mortgage insurance and interest subsidy programs to encourage the building and financing of housing for low and moderate income home buyers under Section 235. For those interested in mobile homes, HUD offers federal insurance both for loans to finance their purchase and to finance the construction or rehabilitation of mobile home parks (Section 2, Title I and Section 207, respectively). Information on these programs is available from HUD Area Offices.

The home ownership loan program of the Farmers Home Administration, under Section 502, is another potential source of help. These loans enable eligible low and moderate-income people to buy, build, repair, or rehabilitate homes in rural areas. Information about eligibility requirements and terms is available at county and district FmHA offices.

Tax Considerations

Anyone considering home ownership should weigh the tax benefits and liabilities that might occur. Historically, federal tax laws have favored home ownership by allowing itemized deductions from income tax statements for mortgage interest payments and real estate taxes. The government has approved additional tax benefits to respond to the special needs and interests of older people. Any homeowner who is 55 years of age or older can sell his or her principal residence and avoid taxation on up to $125,000 in capital gains from that sale. You can get details on this opportunity from the Internal Revenue Service, your accountant or financial planner.

Home Repair, Rehabilitation, and Modification

Federal housing policies and programs have tended to neglect the need for home repair and maintenance. The Community Development Block grants have made funds available in certain communities for these purposes but its disbursement is entirely dependent upon the discretion of the community. Nonetheless, many older persons could benefit from help in changing their homes to adapt to diminishing physical capacities, to control rising energy costs, or simply to maintain safe and satisfactory housing.

While some federal programs do provide help for home rehabilitation, the funding levels for them tend to be low and they do not focus specifically on the elderly. For example, through the Section 312 program, HUD sponsors a home rehabilitation program that provides low-interest loans to eligible homeowners or renters of any age, if they live in certain community development areas. Homeowners can use these loans to improve their housing to meet applicable building standards or to install better insulation and other energy-saving features. You can obtain information on the availability of such resources, including eligibility criteria, terms and application procedures at HUD Area Offices.

FmHA also operates a limited program for home improvements and repairs for people of all ages. The FmHA Section 504 program not only provides loans for such purposes, but, for low-income homeowners who are 62 years of age or older, FmHA will make grants that do not require repayment. Sometimes the program offers a combined loan and grant. Information is available at your local FmHA offices.

Federal housing programs do not help older homeowners or renters who need limited repair assistance, maintenance, or chore services such as heavy housekeeping. However, federal and state social service programs may offer some limited help for these needs. Your local Area Agency on Aging (AAA) will be able to tell you whether this kind of help is available within your community. The AAA also may be able to help you identify other sources of help, such as local electric and gas utilities and fuel oil distributors, if you wish to make energy saving improvements in your home.

Veterans Administration

The Veterans Administration has a number of programs to assist veterans as well as spouses of persons who have died as a result of military service. VA home loan guarantees, providing

protection against default on the loan, were originally a one-time only benefit. In 1978, however, Congress revised the legislation to allow a veteran who has satisfied the obligations of a previous VA loan to be eligible for a new home loan guarantee. There are no age or income limitations for the guarantee, which generally involves single-family homes. Nevertheless, it is possible for a qualifying veteran to purchase a condominium or cooperative unit with this guarantee or for two or more eligible veterans to join together to buy a multifamily building.

Under certain conditions, the VA can also make home loans directly to veterans. Such loans are available particularly in areas that the VA has designated as *credit shortage areas*. Both direct loans and loan guarantees are available for home repairs, alterations and improvements and for the purchase of a mobile home or mobile home lot.

The VA also runs a grant program designed for the special needs of veterans with service-connected disabilities. This program helps veterans to buy or remodel a home in order to provide it with the special equipment disabled veterans may need for independent living. Information about loan limits, terms, eligibility criteria, and application procedures is available at state or local VA offices.

Tom Beall and Marie McGuire Thompson
International Center for Social Gerontology

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glossary of housing options for older people

Accessory Apartment A second, completely private living unit built within the extra space of a single family home.

Boarding Home (Rooming House) Residential accommodation that usually consists of a bedroom/sitting room, private or shared bathroom, and common dining area. This housing is open to persons of all ages.

Condominium Housing in an apartment building or townhouse complex in which individuals hold title to their living unit but share ownership of the common areas with other owners in the development.

Cooperatives Non-profit corporations that own and operate a living facility for the benefit of the occupants who buy shares in the corporation in exchange for the right to occupy a specific living unit.

Congregate Housing (Sheltered or Enriched Housing) Specially planned, designed and managed multi-unit rental housing, typically with self-contained apartments. Supportive services such as meals, housekeeping, transportation, social and recreational activities are usually provided.

Conventional Home Ownership Traditional ownership of a single family home, townhouse or manufactured (mobile) home.

Conventional Rental Housing Traditional rental or leased housing in which tenants lease the right to occupy property—apartment or house—for a specific time at a specified cost.

Domiciliary Care Home (Personal Care, Residential Care) Group living arrangements that provide staff supervised meals, housekeeping and personal care, and private or shared sleeping rooms. These facilities are generally licensed and must meet design and operating standards, including minimum staff requirements.

ECHO Housing (Elder Cottage, Granny Flat) A self-contained, free-standing, removable liv-

ing unit occupied by a relative on the same property and adjacent to a single-family home.

Elderly Housing Project (Housing for Independent Elderly) Rental housing planned, designed and managed to meet the needs and interests of older tenants with services to support independent living.

Federally Assisted Housing (Public Housing) Rental housing built and operated with financial help from the federal government and designed for low-income families of all ages. Some buildings have been specifically designed to meet the needs of low-income persons age 62 and over.

FHA/Veterans Administration/FmHA Home Loans Federally insured home loan programs for the public and eligible veterans who want to purchase approved residential property.

Foster Care Homes Single family homes in which nonrelated older persons live with a foster family. The family provides meals, housekeeping and personal care.

Homes For The Aged Accommodations for people with health limitations. They range from private homes that offer only custodial care to skilled nursing facilities. At a minimum, such homes provide private or shared sleeping rooms, meals, housekeeping, personal care and supervision.

Life Care Complex (Life Care Community, Continuing Care, Campus Complex) Housing development planned, designed and operated to provide a full range of accommodations and services for older adults, including independent living, congregate housing, and medical care. Residents may move from one level to another as their needs change. Financial arrangements usually include a substantial entrance fee plus monthly charges.

Mobile Homes (Manufactured Housing) Compact, self-contained, factory-assembled housing units available for purchase or rental.

Rental Assistance (Housing Assistance, Section 8) Federal government program that provides financial assistance to older people and others with qualifying low incomes. No more than 25 to 30 percent of the individual's income goes toward rent in suitable housing.

Retirement Village (Retirement Community) Developments that typically offer home ownership and rental units for older people. Support services are often available for a fee.

Reverse Mortgage One of the new financial plans designed to enable older homeowners to get cash for the equity in their homes while they continue to occupy them. Money is received in monthly payments or in lump-sum loans. The debt is outstanding for an agreed upon number of years, sometimes until the house is sold.

Sale Leaseback Another home equity conversion plan. A home is sold to an investor who immediately leases it back to the seller (older homeowner) for life.

Shared Home (Group Living) Arrangement in which three or more unrelated people share a house or an apartment. Usually private sleeping quarters are available; the rest of the house is shared.

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resources

Homes and Apartments

Myers, Phyllis. *Aging in Place: Strategies to Help the Elderly Stay in Revitalizing Neighborhoods.* The Conservation Foundation, 1717 Massachusetts Ave. NW, Washington, DC, 1982.

A catalogue of local strategies designed to improve city neighborhoods and respond to the special housing needs of older people, particularly their preference to stay in familiar places.

Sumichrast, Michael, Shafer, Ronald G., and Sumichrast, Marika. *Planning Your Retirement Housing.* AARP

Books. Copublished by AARP and Scott-Foresman and Company, Dept. H00A, 400 S. Edward St., Mt. Prospect, Illinois 60056 or at book stores, 1984.

Discusses major issues, such as housing costs, designs, planning and regulations which face retirees and pre-retirees. Outlines the facts needed to plan for retirement living.

Urban Land Institute. *Housing for a Maturing Population.* Urban Land Institute, 1090 Vermont Ave., NW, Washington, DC, 1983.

A compilation of articles depicting a variety of development concepts appropriate in meeting the needs of the maturing population. Areas addressed include architecture for long-term care, retirement communities, neighborhoods, gentrification, congregate living and optimizing the present housing stock.

Selecting A Nursing Home or Health Care Facility

American Association of Homes for the Aging, *Directory*, 1050 17th Street, NW, Washington, DC, 1983.

A directory of the Association's over 2000 member non-profit nursing homes, retirement centers and facilities for independent living for the elderly.

American Health Care Association, 1200 15th Street, NW, Washington, DC

An organization of over 7000 member nursing homes and other long-term care facilities, primarily proprietary, which provide a range of services to the elderly, including skilled nursing, intermediate and residential care.

Burger, Sarah Green and D'Erasmo, Martha. *Living in a Nursing Home: A Complete Guide for Residents, Their Families and Friends.* New York: Seabury Press, 1976.

This guide is designed to assist persons who are confronted with decisions about nursing home placement. It is directed toward both the families of elderly persons entering a home and the elderly persons themselves.

Citizens for Better Care. *How to Choose a Nursing Home: A Shopping and Rating Guide.* Citizens for Better Care, 960 E. Jefferson Avenue, Detroit, Michigan, 1974.

While only referencing facilities in Detroit, this is a very readable guide to selection of a nursing home that would be a good resource for persons in any part of the country.

Mobile Manufactured Homes

American Association of Retired Persons. *Safe Living in your Mobile Home: A Participant's Manual.* American Association of Retired Persons Fulfillment Section, Dept. 434, 1909 K St., NW, Washington, DC 20049, 1980.

A supplement to the audio-visual program, "Safe Living in Your Mobile Home," this booklet is useful for older residents of mobile home communities. It includes a checklist of potential safety hazards in the home.

Council of Better Business Bureaus, Inc. *Tips on Buying a Mobile/Manufactured Home.* Council of Better Business Bureaus, Inc. 1515 Wilson Boulevard, Arlington, VA 22209, 1983.

A thorough review of the major issues involved in purchasing, selling and locating a mobile manufactured home.

Manufactured Housing Institute. *Why Manufactured Housing?* Manufactured Housing Institute, Public Affairs Dept. 1745 Jefferson Davis Highway, Arlington, VA 22202.

A booklet describing a number of manufactured housing features, including affordability, energy efficiency, quality of construction and maintenance.

Condominiums

Le Croissette, Dennis. *Condominium Living: Your Guide to Buying and Living in a Condominium.* Montrose, California: Young-Husband Company, 1980.

A guide to what a condominium is, what to look for in a condominium, purchasing and owning, and aids in condominium management.

U.S. Department of Housing and Urban Development *Questions and Answers About Condominiums: What to Ask Before You Buy.* U.S. Department of Housing and Urban Development Consumer Information Center, Department 597f, Pueblo, Colorado.

This booklet is intended to inform possible purchasers and to encourage condominium ownership.

It covers pitfalls and suggests safeguards for avoiding them, as well as providing a full description of the condominium concept.

Cooperatives

Metropolitan Washington Planning and Housing Association. *From Rental to Cooperative: A Technical Process.* Metropolitan Washington Planning and Housing Association, 1420 New York Avenue, NW, Suite 300, Washington, DC. 20005, August, 1981.

A detailed manual designed to serve as a tool for teaching and a catalyst for new ideas in the field of tenant-initiated purchase and conversion. It provides information that is specific to the District of Columbia, but which would be invaluable to tenant leaders and members of tenant associations in other jurisdictions as well.

National Association of Housing Cooperatives, 2501 M Street, NW, Suite 451, Washington, DC 20037.

The major national organization for housing cooperatives, with regional affiliated organizations.

National Consumer Cooperative Bank, 2001 S Street, NW, Washington, DC 20009.

Financial and technical assistance is provided to existing and emerging consumer cooperatives. The bank makes loans to eligible co-ops at prevailing interest rates and makes available information and services concerning the organization, financing and management of cooperatives that are forming or that serve low-income members.

Retirement Communities

American Association of Homes for the Aging. *The Continuing Care Retirement Community: A Guidebook for Consumers.* American Association or Homes for the Aging, 1050 17th Street, NW, Washington, DC 20036, 1983.

This consumer guidebook identifies issues persons about to enter a continuing care community and their families should consider, including payment plans for care, financial condition of the community and styles of shelter and service.

Raper, Anne Trueblood, editor for American Association of Homes for the Aging. *National Continuing Care Directory.* AARP books. Copublished by AARP and Scott-Foresman and Company, Dept. H00A, 400 S. Edward Street, Mt. Prospect, Illinois 60056, 1984.

This consumer directory includes descriptive information about approximately 400 continuing care communities nationwide. It lists fees, types of living arrangements, special features and general and health related services available at each community.

National Policy Center on Housing and Living Arrangements for Older Americans. *The Directory of Retirement Communities in the United States.* Institute of Gerontology, University of Michigan, Ann Arbor, Michigan, 1981.

Over 2,300 communities are identified by state and county in this 311-page directory. Information on sponsor, size of the community, nursing facilities, mobile home sites and year established is included for each community.

Feldt, Allen G., Editor. *A Report on the Changing Properties of Retirement Communities.* National Policy Center on Housing and Living Arrangements for Older Americans, Institute of Gerontology, University of Michigan, Ann Arbor, Michigan, 1981.

Through a broad definition of "retirement community," this study seeks to establish a firm basis for estimating the numbers and sizes of retirement communities of various types. It examines several examples of each of the major types in depth in order to establish some conclusions as to how they change over time and how well they adapt to change.

Feldt, Allen G. and Pastalan, Leon. *A Detailed Look at 18 Retirement Communities.* National Policy Center on Housing and Living Arrangements for Older Americans, Institute of Gerontology, University of Michigan, Ann Arbor, Michigan, 1981.

Part of the study "A Report on the Changing Properties of Retirement Communities," which addresses similarities and differences between and within different types of retirement communities. This is an indepth review of selected communities.

Home Equity Conversion

National Center for Home Equity Conversion, 110 East Main, Room 1010, Madison, Wisconsin, 53703.

A clearinghouse for information on home equity conversion issues. The center publishes a newsletter, *Home Equity News.*

Scholen, Ken. *Unlocking Home Equity: New Ideas for Homeowners; Conference Proceedings.* Wisconsin Bureau on Aging Reverse Equity Mortgage Project, Department of Health and Social Services. Madison, Wisconsin, 1979.

Proceedings of a conference on home equity conversion for older homeowners, including discussions of the market, the plans, the issues and a development strategy for implementing home equity conversion on a broad scale.

United States Senate. *Turning Home Equity Into Income for Older Homeowners.* U.S. Senate Special Committee on Aging, Washington, DC 20510, July, 1982.

Reverse annuity mortgages, split equity, sale/leaseback and deferred payment loans are discussed, with examples of how plans would work and an identification of major issues consumers should examine to protect themselves and their future financial security.

Accessory Apartments

Hare, Patrick H., Conner, Susan and Merriam, Dwight. *Accessory Apartments: Using Surplus Space in Single-Family Houses.* American Planning Association, 1313 East 60th Street, Chicago, Illinois 60637, 1981.

This report addresses some of the concerns raised by the concept of accessory apartments as well as specific zoning provisions. Sample language for an amendment to permit accessory apartments is included.

Hedges, Helen E. *Legal Issues in Accessory Apartments: Zoning and Covenants Restricting Land to Residential Uses.* American Association of Retired Persons Fulfillment Section, Dept. 1187, 1909 K Street, NW, Washington, DC 20049, 1982.

A summary of legal issues and decisions related to accessory apartments.

ECHO Housing

American Association of Retired Persons. *ECHO Housing Slide/Tape Presentation and Fact Sheet.* AARP PSO Dept., 1909 K Street, NW Washington, DC 20049, 1983.

This program is designed to introduce people to the concept of ECHO housing and to encourage them to support and work toward making ECHO housing an option in their community.

Hare, Patrick H. and Hollis, Linda E. *ECHO Housing: A Review of Zoning Issues and Other Considerations.* American Association of Retired Persons Fulfillment Section, Dept. 1123, 1909 K Street, NW, Washington, DC 20049, 1983.

A review of the technical zoning issues raised by ECHO units, intended to educate families and public officials about ECHO housing's potential for responding to the needs of the diverse population of older people.

Hedges, Helen E. *Legal Issues in Elder Cottage Housing Opportunities (ECHO); Restrictions on Manufactured Housing* (Washington, DC: American Association of Retired Persons Fulfillment Section, Dept. 1186, 1909 K Street, NW, Washington, DC 20049, 1982.

A summary of legal issues and decisions related to ECHO housing.

Home-Matching Programs

Bierbrier, Doreen. *Living With Tenants.* The Housing Connection, P.O. Box 5536, Arlington, Virginia 22205, 1982.

This is a step-by-step practical guide to explain how to select a house to bring maximum rent and maximum privacy, to find and keep responsible tenants and to establish a fair rent and fair rental agreement.

Dobkin, Leah. *Shared Housing for Older People: A Planning Manual for Match-up Programs.* Shared Housing Resource Center, Inc., 6344 Greene Street, Philadelphia, Pennsylvania, 1983.

This manual provides "how to" information on planning, financing, and operating match-up programs and identifies success and failure factors of existing match-up programs.

McConnell, Stephen R. and Usher, Carolyn E. *Intergenerational House-Sharing: A Research Report and Resource Manual.* The Ethel Percy Andrus Gerontology Center, University of Southern California, Los Angeles, California.

An analysis of two house-sharing agencies as well as institutional barriers related to house-sharing.

Shared Housing Resource Center, Inc., 6344 Greene Street, Philadelphia, Pennsylvania 19144.

A national non-profit organization which promotes shared housing alternatives for older people on

a local, regional and national basis. It provides an educational clearinghouse, technical assistance, research and advocacy.

Shared Housing

Day-Lower, Dennis. *Shared Housing for Older People: A Planning Manual for Group Residences.* Shared Housing Resource Center, Inc., 6344 Greene Street, Philadelphia, Pennsylvania, 19144, 1983.

This planning manual describes in detail sponsorship, selecting a site, zoning, housing and fire codes, design considerations, budgeting, liabilities and recruiting residents.

Hanaway, Lorraine, Editor. *The Three-In-One House: A Guide to Organizing and Operating a House for Three Older Persons.* Home Care Research, Inc., 30 E. Patrick Street, Frederick, MD 21701, 1981.

A manual which provides suggestions for setting up a house for three older persons, including a discussion of philosophy and goals, organization, policy, provision of services and finances.

Hedges, Helen E. *Legal Issues in House-Sharing: What is a Family?* American Association of Retired Persons Fulfillment Section, Dept. 1188, 1909 K Street, NW, Washington, DC 20049, 1982.

A Summary of legal issues and decisions related to shared housing.

Shared Housing Resource Center, Inc., 6344 Greene Street, Philadelphia, Pennsylvania 19144.

A national non-profit organization which promotes shared housing alternatives for older people on a local, regional and national basis. It provides an educational clearinghouse, technical assistance, research and advocacy.

Field Offices-Department of Housing and Urban Development

Region	City	Address
I	Boston	John F. Kennedy Federal Bldg. MA 02203
	includes: Maine, New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island	
	Area Offices:	
	Boston,	Bulfinch Bldg., 15 Chardon St. Mass. 02114
	Hartford,	One Hartford Square W., Conn. 06106
II	New York,	26 Federal Plaza N.Y. 10278
	includes: New York, New Jersey, Virgin Islands, Puerto Rico	
	Area Offices:	
	Buffalo,	Statler Bldg., 107 Delaware Ave., NY 14202
	Newark,	Gateway Bldg., NJ 07102
	New York,	26 Federal Plaza N.Y. 10278
	Caribbean,	Federico Degetau Federal Bldg., Chardon Ave., Hato Rey, P.R. 00918
III	Philadelphia,	Curtis Bldg. 6th and Walnut Streets PA 19106
	includes: Pennsylvania, Maryland, Delaware, Virginia, West Virginia, Washington, DC	
	Area Offices	
	Pittsburgh,	Fort Pitt Commons, 445 Fort Pitt Blvd. PA 15219
	Washington,	Universal North Bldg., 1875 Penn. Ave., NW DC 20009
	Baltimore,	The Equitable Bldg., 10 N. Calvert St. MD 21202
	Philadelphia,	Curtis Bldg., 625 Walnut St. PA 19106
	Richmond,	701 E. Franklin St. VA 23219
IV	Atlanta,	Richard B. Russell Federal Bldg., 75 Spring Street GA 30303
	includes: North Carolina, Kentucky, Tennessee, South Carolina, Mississippi, Alabama, Georgia, Florida	
	Area Offices	
	Birmingham,	Daniel Bldg., 15 S. 20th St. AL 35233
	Louisville,	539 River City Mall, KY 40202
	Jackson,	U.S. Federal Bldg., 100 W. Capital St., MS 39201
	Greensboro,	415 N. Edgeworth St. NC 27401
	Columbia,	Strom Thurmond Federal Bldg., 1845 Assembly St., SC 29201
	Knoxville,	One Northshore Bldg., 1111 Northshore Dr. TN 37919
	Jacksonville,	325 W. Adams St., FL 32202
V	Chicago,	300 S. Wacker Dr. IL 60606
	includes: Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota	
	Area Offices:	
	Detroit,	McNamara Federal Bldg., 477 Michigan Ave., MI 48226
	Indianapolis,	151 N. Delaware St. IN 46207
	Minneapolis-St. Paul,	Bridge Place Bldg., 220 S. 2d St. MN 55401
	Columbus,	200 N. High St., OH 43215
	Milwaukee,	744 N. 4th St. WI 53203
VI	Fort Worth,	221 W. Lancaster Ave. TX 76113
	includes: Louisiana, Arkansas, Oklahoma, Texas, New Mexico	
	Area Offices:	
	Dallas,	P.O. Box 10050, 1405 Slocum St., TX 75207
	San Antonio,	Washington Square Bldg., 800 Dolorosa TX 78285
	Little Rock,	Savers Bldg., 320 W. Capital St. AR 72201
	New Orleans,	Plaza Tower, 1001 Howard Ave., LA 70113
	Oklahoma City,	Murrah Federal Bldg., 200 NW 5th St. OK 73102
VII	Kansas City,	Professional Bldg. 1103 Grand St. MO 64106
	includes: Iowa, Missouri, Kansas, Nebraska	
	Area Offices:	
	Omaha,	Univac Bldg., 7100 W. Center Rd. NE 68106
	St. Louis,	210 Tucker Blvd. MO 63101
VIII	Denver,	Executive Towers 1405 Curtis St. CO 80202
	includes: North Dakota, South Dakota, Montana, Wyoming, Colorado, Utah	
IX	San Francisco,	450 Golden Gate Ave. P.O. Box 36003 CA 94102
	includes: Nevada, Arizona, California, Hawaii	
	Area Offices:	
	Honolulu,	300 Ala Moana Blvd., HI 98850
	San Francisco,	One Embarcadero Center, CA 94111
	Los Angeles,	2500 Wilshire Blvd. CA 90057
X	Seattle,	3003 Arcade Plaza Bldg., 1321 2nd Ave. WA 98101
	includes: Washington, Idaho, Oregon, Alaska	
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	Portland,	Cascade Bldg., 520 SW 6th Ave., OR 97204
	Seattle,	403 Arcade Plaza Bldg., 1321 2nd Ave., WA 98101
	Anchorage,	701 C St., Box 64, AK 99513

Additional Resources

American Association of Retired Persons. *Your Retirement State Tax Guide*. American Association of Retired Persons, P.O. Box 2400, Long Beach, California 90801. Published yearly.

A complete guide to state taxes, including special treatment of retirement income, special property tax concessions for persons 65 and older and personal income tax.

American Association of Retired Persons. *At Home with Energy*. Washington, DC: American Association of Retired Persons Fulfillment Section 722, 1909 K Street, NW, Washington, DC 20049, 1982.

The guide and accompanying audio/visual presentation helps older persons find low-cost, easy ways to substantially reduce their home energy bills.

Hale, Gloria *The Source Book for the Disabled*. Paddington Press, Ltd. distributed by Grosset and Dunlap, 200 Madison Ave., New York, NY 10016, 1979.

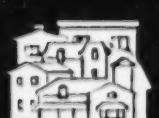
This is an illustrated guide to easier and more independent living for physically disabled people, their families and friends, including a chapter on adapting a home.

Steinfeld, Edward. *Adaptable Dwellings*. U.S. Department of Housing and Urban Development Office of Policy Development and Reseach, Government Printing Office, Washington, DC, 1979.

This report outlines how adaptive devices and architectural/interior design features can be used to make a home usable for disabled people. It presents recommendations for an approach to design that takes into account consumer acceptance of such devices and design features.

National Association of Counties. *Putting the Roof on Housing Costs*. HUD User, P.O. Box 280, Germantown, MD 20874, 1983.

A series of twenty one flyers describing techniques local officials can use to bring down the cost of housing. Topics include accessory apartments, inclusionary zoning and affordable housing alternatives for the elderly. Available for $6.00.



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